

Trust us to Grow


2015/16 Review and Accounts






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Review by Our Chair



I write my 2015/16 review with a heavy heart as I step down from the Trust Board after thirteen years, five of these spent as Chair, working with a highly respected organisation that is built on continuously delivering customer excellence.

This second year of our Bright Future business strategy has indeed been a challenge, but as I reflect over the past months I can now start to see many changes coming to fruition as we continue to progress some of the major projects that we committed to as part of the strategy.

Our Customers

Our customers are at the heart of all we do and we use their ideas and recommendations to improve the way we deliver our products and services. Our 'Customer Panel' – a representative group of tenants from across Scotland – have further developed their analysis of Trust, presenting to the Board their recommendations for how we manage the allocation of homes, and the management of empty properties. The resulting action plan is now being worked on by our staff team.

With many great achievements to document it is difficult to choose only a few. In my mind one of our stand out successes is our very high level of customer satisfaction. Our survey results show that we consistently achieve a result in excess of 90% of our tenants being satisfied with the service they receive from Trust.

Our most recent result was 92% satisfaction with the overall service, and 91% of tenants believing that being part of Trust had made a positive difference to their lives.

To ensure that we continue to keep these impressive levels of satisfaction we have created a Customer Excellence Strategy, where we focus our energy and resources on customer priorities and exceeding their expectations.

The financial climate remains a challenging one within housing which means we need to be creative with our finances. In 2015, rather than hold two separate events, we combined our AGM and Tenants' Conference. On the day we were supported by the Scottish Government as we launched our Customer Involvement and Influence strategy. Holding the AGM and Tenants' Conference as a joint event proved a great success and is something we will now continue to do.

Our Employees

It isn't just our customers whose opinions and ideas we use to shape the organisation, we also greatly value the opinions of all of our staff. In August 2015 we held our 'Bright Future: the Difference is You' staff conference where employees participated in a range of interactive workshops. The employee contributions from each session were excellent and these were used to feed into the strategic direction of Trust.

Our Services

The approach to health and social care is changing, with plans in hand to integrate these services and look for new and better ways of doing things. To make the most of future opportunities we have had an independent review take place of our Housing with Care service. The final report demonstrates how highly our Housing with Care service is valued by commissioners and tenants alike. This is an area where we will look to grow in the future.

Conclusion

As time moves on so do Members of our Board of Management. I'd like to take this opportunity to say thank you and a fond farewell to Paul Harper and Jim Tod who stood down during the past year. At our AGM others will step down too – Lillas Dunlop, Ian Howie and Peter Kinloch. I would like to thank them all for their support and commitment to Trust over the years. Trust has been fortunate to have a strong Board and it is the individual contribution of its Board Members which make it so.

I am confident I leave the organisation in good hands and I am delighted that Heather Pearson who has been our Vice Chair is currently Chair Designate. In addition, a very positive recruitment exercise has resulted

in us attracting several new, talented and experienced individuals to join the Board from this September.

Further change is inevitable but I know that I'm leaving Trust in a great place. I look forward to seeing Trust's results and strategic ambitions move from strength to strength as all involved embrace opportunity and change in a positive, agile and innovative way.

Pam Russell
Chair



Introduction from our CEO



This past year has seen us continue to take huge strides forward in developing as a market leading organisation and in achieving our shared vision – a Bright Future. I'm delighted to introduce our newly combined annual review and annual accounts.

Achievements

As Pam mentioned, there have been many great achievements over the last year and we are firmly committed to continuing to build on these accomplishments. There have been a plethora of recent successes, including:

- Investors in People Gold Accreditation
- 'Excellence in the Third Sector' award at the International Investors in People awards
- The Scottish Sensory Award for 'promotion of choice, control and person centered approaches for people with sensory loss'
- Investors in Diversity stage 2 reaccreditation
- 9th place in the National Centre for Diversity's top 100 organisations
- Committed to Excellence accreditation by the European Foundation for Quality Management (EFQM)
- Shortlisted twice at the prestigious Scottish Home Awards 2016 - for Housing Association of the Year and Customer Service Excellence.

We're delighted with this recognition and getting the Trust name and reputation more widely known.

In the financial year 15/16 we invested over £5 million in planned and reactive maintenance to our housing stock to ensure we are providing quality homes and delivering a market leading repairs service.

Reducing operating costs and increasing business efficiencies is another key aim from our Bright Future Strategy. To ensure we provide value for money for our customers we compare costs with those of similar organisations and take the necessary action to make sure we are cost efficient. As part of our successful review of how we let houses, we have reduced the average time it takes to let a home. This has gone from 67 days back in 2014 to a much improved 45 days in the past year.

What does the future hold for Trust?

Our ambitious strategy means we are committed to delivering many new projects in the near future. Planning work has begun to deliver a growth strategy for Trust. This builds on the outcomes of independent research to ensure the needs of future customers inform the design, delivery and continuous improvement of services. Our plans for growth include building new homes and expanding on the services we currently provide.

The increasingly integrated working of health and social care within Scotland means we will continue to lobby Government and other stakeholders to ensure the pivotal role of housing is recognised as the implementation of new services progresses.

As we strive to become more innovative and efficient in the way we deliver our frontline services we are reviewing how we combine our people, processes, technology and accommodation to ensure doing business with us is as easy as possible for our customers. We have started this review by holding workshops with development and office based staff, and are using this feedback to help shape the direction of the project.

As the digital revolution continues to gain momentum we have launched our Digital Participation initiative. The aim of this project is to get more of our tenants online in order to increase their confidence in using technology and benefit from the social, health and economic advantages of being 'connected'. This year the pilot project will see Wi-Fi installed in some tenants' homes with the support of Digital Champions, who have been trained by consultants specialising in the use of technology for older people.

Conclusion

As our Chair and other Board Members depart from Trust I'd like to thank them wholeheartedly for their outstanding contribution to Trust and wish them the very best for the future.

I look forward to working with our new Board Members and new Chair in these challenging and exciting times. Our future priorities will continue to be focused on meeting changing customer expectations and aspirations. We will continue to become an increasingly lean and forward thinking organisation who plays a vital role in providing housing and services for older people across Scotland.

The following pages will give you a more detailed overview of our strategic objectives and achievements, our performance and our full financial accounts for 2015/16.

Rhona McLeod

Chief Executive

0131 444 4940

RMcLeod@trustha.org.uk

Trust Housing Association Limited

A Registered Scottish Charity

Board of Management and Directors as at 31 March 2016

Chair:

Pam Russell FCCA

Vice-Chair:

Heather Pearson LLB, DipLP, NP

Board Members:

John Burke FRICS

Ian Crawford MA (Hons) MHSM

Edward Davidson

Lilias Dunlop MA (Hons) MSc, MCIH

Ian Howie CPFA

Doreen Inskip

Peter Kinloch AMRSH

Sister Jenny Lindsay

Kenny McDonald MA (Hons) MCIPR

Jim Tod BSc Civil Engineering

Wendy Wilkinson BSc Math Science, MBA (Dist)

Audit and Performance Committee Members

Convener:

Lilias Dunlop MA (Hons) MSc, MCIH

John Burke FRICS

Ian Crawford MA (Hons) MHSM

Edward Davidson

Ian Howie CPFA

Sister Jenny Lindsay

Kenny McDonald MA (Hons) MCIPR

Directors:

Rhona McLeod MA – Chief Executive

David McIndoe MRICS – Director of Asset
Management Services

Jack Marshall FMAAT, CPFA – Director of
Business
Services

Gail Gourlay BA MCIH – Director of
Customer Services

Company Secretary:

Mary Shanley BA (Hons)

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 SBL (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

Overview of Business and Activities

Background

Trust Housing Association is a charitable Registered Social Landlord formed in 1973 to provide “quality homes and services that promote independent living”. Trust is a registered society with the Financial Conduct Authority in accordance with the Co-operative and Community Benefit Societies Act 2014. Trust is also a charity under the Charity and Trustee Investment (Scotland) Act 2005 and is registered under Section 3 of the Housing Associations Act 1985 by the Scottish Housing Regulator.

Trust’s main housing services are:

- General Needs Housing
- Amenity Housing
- Retirement Housing
- Sheltered Housing
- Very Sheltered Housing
- Housing with Care

Our Strategic Objectives and Achievements

Trust has an overarching business strategy covering the period 2014 – 2019 (Bright Future, a new chapter for Trust). It sets out three key strategic objectives to be delivered over this period:

- **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.

The financial year to 31 March 2016 has seen further change and development at Trust as we work towards improving the way we deliver our core business and develop new products and services for the future.

Highlights during the year have included:

- Strategic planning work has begun to develop and deliver a phased growth strategy for Trust. This builds on the outcomes of independent research (of which we were a key commissioner) to ensure the needs of future customers inform the design, delivery and continuous improvement of services.
- Achievement of 92% overall customer satisfaction was confirmed by our latest tenant survey.
- Evaluation of our Housing with Care service has taken place to ensure optimised delivery of this care model. The high regard in which the service is held by commissioners bodes well to enable us to build further on the modest growth achieved this year.
- Further development of the scope and breadth of work undertaken by our customer panel has involved them in scrutiny exercises for both allocations and the empty homes management processes.
- We launched our Customer Involvement and Influence programme at our AGM / Tenants’ conference – helped on the day by the presence and support of the Scottish Government.
- The development of our approach to digital participation has delivered plans to provide Wi-Fi and access to communal tablet devices in pilot developments.
- Our Trust wide strategy to recruit and support volunteers across the organisation has been developed and detailed planning finalised.

Board of Management Report

Overview of Business and Activities

- Development of an updated marketing strategy for Trust ensures focus on understanding our stakeholders, targeting our marketing resources effectively and further developing the Trust brand.
- We continue to lobby Government and colleagues in Health and Social Care to ensure the pivotal role of housing is recognised and opportunities maximised as the delivery of integration progresses.
- We are proud to have raised the external profile of Trust at various events, awards ceremonies and by achieving key accreditation from Investors in People and the National Centre for Diversity.
- We have invested over £5 million in our stock, and have successfully delivered our annual / reactive maintenance and investment programme involving:
 - Bathroom replacement programme to 87 properties
 - Kitchen replacement programme to 193 properties
 - Window replacement programme to 129 properties
 - Electrical upgrades to 24 properties
 - Heating plant upgrades to 138 properties
 - Heating replacement to 115 properties
 - Fire alarm upgrades to 187 properties
 - Warden call replacements to 227 properties
 - 3 lift replacements servicing 82 properties
- A significant review of our existing asset base has commenced to inform future decisions on how we manage our stock and make investments.
- We have reviewed some of our core processes to drive efficiencies and deliver improvements for customers, in parallel with achieving cost reductions.
- We have joined a UK wide network providing transparent benchmarking of our costs so that we can plan and deliver further value for money initiatives.
- We have continued the review and improvement of the use of our core data and IT systems.
- We have created a platform for business intelligence reporting, allowing us to access data readily and drill down to the root causes of performance to share best practice and drive improvement.
- In order to support the prioritisation and delivery of our Bright Future strategic agenda we have developed and implemented programme management capability in the organisation.

Board of Management Report

Governance

Trust is governed by a dedicated voluntary Board of Management who in the period of 2015/16 adopted the Scottish Federation of Housing Association's Model Governing Rules. Board membership is drawn from a broad range of skills and experience, including a mix of professional backgrounds and tenant service users which promotes equality, diversity and inclusion and further strengthens good governance. The skills mix on the Board is regularly reviewed and an annual training programme, together with strategy days delivered to develop skills and expertise, enable Board Members to fully execute their role

Over the last year, the Board has undertaken a governance review examining the effectiveness of the Board and is currently implementing improvements whilst embedding Trust's values and aspirations for the future. There have been two vacancies on the Board during the year but these have not been filled immediately due to ongoing work around the governance review.

The Board continues to work closely with the Scottish Housing Regulator to ensure we comply with all aspects of the regulatory requirements expected of us. At the end of 2015/16 the Regulator reduced its engagement with Trust from medium to low which we interpret as the Regulator having confidence in Trust's performance and service delivery.

The key responsibilities of the Board:

- Responsibility for the overall leadership of Trust.
- Approval of Trust's business strategy, annual budget and plans to achieve Trust's objectives.
- Approving the Annual Report and Accounts.
- Establishing effective systems of good governance, implementing internal controls and the annual review of their effectiveness.
- Authorising material acquisitions, disposals, investments, capital projects and other significant transactions.

- Monitoring Trust's overall performance in relation to its strategies, plans, budgets and decisions.
- Providing support and guidance to the Chief Executive and Executive Team and ensuring staff on the ground are supported to deliver high quality procedures and services in line with Trust's objectives.

Statement of Responsibilities of the Board of Management

The Co-Operative and Community Benefit Societies Act 2014 require the Board of Management to prepare financial statements 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 financial statements, 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 financial statements 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 financial statements 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.

Board of Management Report

Financial Performance 2015/16

We are pleased to report a strong financial performance in 2015/16. Trust has continued to deliver positive results with growth in revenue and net assets. This provides a solid foundation on which to build, and allows greater financial sustainability to meet the growth strategy in delivering our Bright Future agenda.

Summarised financial performance:

	2016	2015 (Restated)	Movement
Turnover £m	22.2	23.2	(1.0)
Operating Surplus £m	4.2	11.0	(6.8)
Operating Surplus %	18.9%	47.4%	(28.5%)
Net Surplus £m	3.2	9.7	(6.5)
Net Surplus %	14.4%	41.8%	(27.4%)
Pension Gain/(Loss)	6.1	(0.8)	6.9
Surplus/(Deficit) after pension adjustment	9.3	8.9	0.4
Interest Cover	4.2	9.6	(5.4)
Net Assets	16.7	7.4	9.3

The implementation of accounting standard FRS102 has resulted in significant accounting adjustments to restated values for 2015. Further details can be found in Note 26 on page 37. The main areas of change are summarised below:

- Increase in operating surplus 2015 resulting from a one off reduction in costs impacted by depreciation and grant amortisation restatement to the value of £6.0m.
- The pension deficit liability is now held on the statement of financial position. Actuarial revaluations are shown on the face of the statement of comprehensive income reducing the operating surplus by £0.8 million in 2015.
- There have been no breaches of covenants set by our lenders following the implementation of FRS102.

Turnover has remained in line with budget projections highlighting small reductions in income from housing support and third party activities. This has been offset by lower operating costs.

Operating surplus remains sound generating 18.9% of turnover.

Net assets have grown significantly as a result of the financial performance during the year along with an actuarial gain on pension.

Interest cover is strong and covenant compliance has been met for all indicators set by lenders, and continues to be met with a comfortable degree of headroom.

Board of Management Report

Managing Risk

We have a risk management policy and procedure in place and risks are actively managed through the Leadership Team, Audit and Performance Committee and Board.

Our strategic risk register shows key themes for risk management. These include the impact of welfare benefits reform, the decline in customer demand for current and commissioned services, the potential for costs to fail to represent value for money and the significant investment required to ensure our homes continue to meet regulatory standards and business needs.

These risks are mitigated by proactive interventions, including active lobbying of

government and policy makers; ongoing customer research and feedback; financial modelling and scrutiny of value for money as well as updated analysis of the need for investment in our stock.

Treasury Management Policy

We have in place an effective treasury management policy which follows the CIPFA standard, as recommended by the Scottish Housing Regulator. This policy is actively followed during the course of the year and is reviewed annually as an integral part of the business and financial planning process.

Strategic Aim	Performance
A: To understand and exceed customer expectations	<ul style="list-style-type: none">• 92% of our customers are satisfied with the overall service provided by Trust.• 91% of our customers agree that living with Trust has improved their quality of life.• We achieved Investors in People ‘Gold’ accreditation.• We became only the second organisation in Scotland to achieve Leaders in Diversity accreditation.
B: To provide quality homes and maintain a viable asset base	<ul style="list-style-type: none">• 95% of our customers are satisfied with the quality of their homes.• 96% of our homes achieved the Scottish Housing Quality Standard.• 86% of our customers who had repairs or maintenance carried out in the last 12 months are satisfied with the repairs and maintenance service.• We completed 95.1% of our repairs ‘right first time’.
C: To continuously develop and grow Trust as a thriving and sustainable business	<ul style="list-style-type: none">• We achieved our target of maintaining an annual minimum cash balance of £2m and met our loan covenants.• Our gross rent arrears as a percentage of rent due was 3.26%.• We reduced the average time taken to let our vacant properties by 13 days – from an average of 58 days to 45 days.• 2.1% of rent due was lost as a result of empty properties.

Board of Management Report

Our People

We firmly believe that our people are our greatest asset and we aim to recruit, train, develop and support each member of staff to achieve their personal and our organisational goals.

Trust has held Investors in People accreditation since 1998. In October 2015, we became one of only 7% of Investors in People organisations in the UK to achieve the prestigious Investors in People Gold accreditation. This is external validation of the highly developed training & development programme and the positive, supportive culture that is embedded throughout Trust. We are also delighted and proud to have been confirmed as winners at the International Investors in People Awards in the 'Excellence in the Third Sector' category at the ceremony held in June 2016.

Trust is already an Investor in Diversity – the first Scottish housing association to be awarded this status. After a further comprehensive assessment, we were very proud to be awarded the status of Leader in Diversity. Living up to the title, earlier this year, we achieved 9th place in the National Centre for Diversity's top 100 organisations in the UK and the highest ranked Scottish organisation.

Work continues on our people strategy which aims to deliver on a number of people related projects, ensuring we remain competitive, provide excellent opportunities for those who work for us and continue to be a great place to work.

We have a significant training and development programme to support our people to learn and develop skills and expertise. This in turn enables us to provide the best possible service to our customers.

At our bi-annual staff conference in 2015, 'Bright Future – the Difference is You', delegates took part in workshops and plenary sessions, led mostly by internal staff. Everyone was encouraged to participate and there was a positive and productive atmosphere over

the two days. The Staff Recognition Awards took place in the evening, acknowledging the success of teams and individuals in a variety of different projects and roles.

Our people are continually encouraged during team meetings, one to one meetings and appraisals to take the lead in contributing ideas and feedback. Engagement across all offices, developments and staff groups will be a focus for Trust as we continue to be inclusive in all areas of our business.

Disabled Employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with Trust may continue. It is the policy of Trust that training, career development and promotion opportunities should be available to all employees.

Health, Safety and Wellbeing

Ensuring a high standard of health, safety and wellbeing for both staff and stakeholders remains a key priority for Trust, with outcomes delivered through an active staff Health and Safety Committee including:

- A review and implementation of our health and safety control manual
- An on-going programme of both general risk and fire risk assessments to relevant properties
- Compliance with annual gas safety appliance inspection legislation
- Business continuity planning procedures in place
- On-going health and safety training for staff including load management, first aid, hoists and fire safety



Tracy
Senior Manager, Technical Support

David
Dow
Alzheimer's

Board of Management Report

Internal Financial Controls

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

The system of internal financial controls is 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 measures to provide effective internal financial control:

- (i) A comprehensive budget is prepared annually and is approved by the Board.
- (ii) The Board meets regularly to review actual results and investigate any significant variance from Trust's budget.
- (iii) A Business Plan that forecasts 30 years ahead is updated continually, and is approved by the Board.
- (iv) Written standing orders and a Financial Control Framework including details of delegated authority are in place and are reviewed regularly.
- (v) Trust's external auditors have attended all meetings of the Audit & Performance Committee, as well as attending the AGM.
- (vi) The Audit & Performance Committee reviews the system of internal controls and reports to the Board thereon. It receives reports from the internal and external auditors and Executive Team which assess the efficiency of internal controls and make recommendations for any improvements. The Convenor of the Audit & Performance 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 2015/16. During the year, Scott Moncreiff reviewed the following key areas of Trust's work; customer engagement & satisfaction, financial sustainability and follow up. A number of recommendations have been accepted and if not already actioned, will be implemented during 2016/17. 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 2016, 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 controls, appropriate action is put in place.

Going Concern

After making enquiries of the Executive Team, the Board has a reasonable expectation that Trust 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 financial statements.

Disclosure of Information to the Auditor

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 Trust's auditors are unaware; and
- Each Board Member has taken all the steps that he/she ought to have taken as a Board Member to make himself / herself aware of any relevant audit information and to establish that Trust's auditors are aware of that information.

On behalf of the Board,



Pam Russell, Chair

Appendix 1a

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 410 members (2015 – 454).

Relations with our Membership

All Association members are invited to attend our Annual General Meeting (AGM), held in September each year in conjunction with the Trust Tenants' Conference. This event allows the Chair and Chief Executive, on behalf of the organisation, to report to our membership on an annual basis. The Board together with the senior management team and other staff members attend the AGM. Association members are encouraged to ask questions during the meeting and to speak with Board Members and staff throughout the event.

Board members continue to conduct their annual schedule of development visits to meet with tenants to seek their views on the work of Trust and learn about specific tenant issues.

Project Funding for 2015-16

The Equal Opportunities Programme received funding for the following project:

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 in July 2011 and will run until June 2016. The project has received £100,195 in the financial year 2015/16.

Related Parties

During the year, there were 2 (2015 – 3) members of the Management Committee (including former members and co-opted members) who were also Trust tenants. All tenancies are on normal secure tenancy terms and their position as a Board 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 as Board Members, they cannot use their position to any advantage.

Independent Auditor's Report

To the Members of Trust Housing

We have audited the financial statements of Trust Housing Association Limited for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 8, the Board is responsible for the preparation of the 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 Ethical Standards for Auditors. This report is made solely to the company'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 2016 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;

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Mazars LLP

Mazars LLP

Chartered Accountants
Statutory Auditor
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

Date

10 August 2016

Statement of Comprehensive Income

For the year ended 31 March 2016

		2016	2015 Restated
	Notes	£'000	£'000
Turnover	2	22,212	23,183
Less: operating costs		(17,995)	(12,217)
Operating surplus	7	4,217	10,966
Profit on sale of fixed assets		4	(82)
Interest receivable and other income		15	13
Interest payable and other charges	8	(1,025)	(1,150)
Surplus for the year		3,212	9,747
Actuarial Gain /(Loss) on the Pension Deficit	20	6,086	(807)
Total Comprehensive income for the year		9,298	8,939

All operations are continuing.

The only recognised gain / (loss) was the surplus for the year.

Statement of Financial Position

As at 31 March 2016

		2016		2015
	Notes	£'000	£'000	Restated £'000
Tangible fixed assets				
Housing properties	9		96,571	97,128
Other	9		3,087	3,209
Total fixed assets			99,658	100,337
Current assets				
Trade and other receivables	10	1,692		1,329
Cash at bank and in hand		2,678		3,385
Total current assets		4,370		4,713
Creditors: amounts falling due within one year	11	6,309		5,513
Net current liabilities			(1,939)	(799)
Total assets less current liabilities			97,719	99,538
Creditors: amounts falling due after more than one year	12		(20,005)	(28,022)
Deferred Capital Grants	13		(61,017)	(64,117)
Net assets			16,698	7,399
Capital and reserves				
Share capital	15		0	1
Development Reserves			102	93
Revenue Reserve			16,595	7,306
			16,698	7,399

The Financial Statements were approved and authorised for issue by the Board of Management on 28 July 2016 and were signed on its behalf:

Pam Russell, Chair
28 July 2016

Heather Pearson,
Vice Chair

Mary Shanley, Secretary





The notes on pages 21 to 38 form part of these financial statements.

Statement of Changes in Equity

as at 31 March 2016

	Development Reserve	Revenue Reserve	Total
	£'000	£'000	£'000
Current Year			
Balance at 1st April 2015	93	7,306	7,399
Surplus / (deficit) from statement of Comprehensive income		9,298	9,298
Transfer of Development reserve expenditure from Revenue reserve	9	(9)	-
Balance at 31st March 2016	102	16,595	16,698

	Development Reserve	Revenue Reserve	Total
	£'000	£'000	£'000
Prior Year			
Balance at 1st April 2014	96	(1,637)	(1,541)
Surplus / (deficit) from statement of Comprehensive income		8,939	8,939
Transfer of Development reserve expenditure from Revenue reserve	(4)	4	-
Balance at 31st March 2015	93	7,306	7,399

The Development Reserve is made up of donations from tenants, families and organisations. It is utilised for the benefit of tenants and the developments in which they stay.

Statement of Cash Flows

For the year ended 31 March 2016

	2016	2015 Restated
	£'000	£'000
Cash flows from operating activities		
Operating surplus for the financial year	9,298	8,939
Depreciation of property, plant & equipment	3,114	2,782
Utilised government housing grants	(2,338)	(7,450)
Profit on disposal of property, plant & equipment	(4)	82
Interest Paid	1,025	1,150
Interest Received	(15)	(13)
Decrease/(Increase) in trade and other receivables	(363)	219
Increase/(decrease) in trade payables	560	(2,754)
Pension costs less contributions payable	(6,730)	310
Cash from operations	4,546	3,266
Interest Paid	(1,025)	(1,150)
Net cash inflow/(outflow) from operating activities	3,521	2,116
Cash flows from investing activities		
Purchase of property, plant & equipment	(3,900)	(7,842)
Disposal of property, plant & equipment	175	3,650
Receipt of social housing grant	531	1,107
Disposal of social housing grant	-	(162)
Interest received	15	13
Net cash from investing activities	(3,179)	(3,234)
Cash flows from financing activities		
Repayments of borrowings	(1,050)	(1,855)
Borrowings acquired	-	3,500
Net cash used in financing activities	(1,050)	1,645
Net increase/(decrease) in cash and cash equivalents	(707)	527
Cash and cash equivalents at beginning of year	3,385	2,858
Cash and cash equivalents at end of year	2,678	3,385
Components of cash and cash equivalents		
Cash	2,678	3,385
Cash Equivalents	-	-
	2,678	3,385

Notes to the Financial Statements

For the year ended 31 March 2016

1. Accounting Policies

1.1 Basis of Accounting

These Financial Statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2015 issued by the Scottish Social Housing Regulator and the Statement of Recommended Practice (SORP) Accounting for social housing providers issued in 2014.

Information on the impact of first-time adoption of FRS 102 is given in note 26. The date of transition was 1 April 2014 and the date of the final set of accounts prepared under previous reporting standards was 31 March 2015.

The preparation of Financial Statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The principal accounting policies that have been applied consistently to all periods presented in these financial statements are set out below.

Trust Housing Association is a public benefit entity (PBE).

1.2 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of Trust's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

No significant judgements have had to be made by management in preparing these Financial Statements.

1.3 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.

1.4 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.

1.5 Housing Association Grant

For developments under the 1988 Housing Act, Housing Association Grant is paid directly to Trust 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.

Housing Association Grant is received as a contribution towards the capital cost of a housing development and is recognised in line with the accrual model. The accrual model results in the grant being recognised over the expected useful life of the housing property structure and its individual components.

1.6 Depreciation

i. Housing Properties

Housing properties are stated at cost less accumulated depreciation.

Depreciation is charged on the original cost of properties (after deducting land costs) 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
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 financial statements.

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.

1.7 Contribution to Pension

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

- i. SHAPS DC scheme – comprised mainly of former SHAPS DB scheme members with employer contributions of 6% of salary + employee contributions.
- ii. A small number of personal pensions where the contributions are as in 1 above.
- iii. Our auto-enrolment scheme with the Peoples Pension which is an 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.

In accordance with FRS 102, the payments in respect of the past service deficit plan on the former SHAPS DB scheme have been discounted and recognised as a provision within the financial statements.

Notes to the Financial Statements

For the year ended 31 March 2016

1.8 Development Reserves

The Development 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 Revenue Reserves to Development Reserves as incurred.

1.9 Equalisation Accounts

Charges for landlord services and heating are made 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.

1.10 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.

1.11 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 Statement of Comprehensive Income. 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.

1.12 Trade and other receivables

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.13 Payables

Short-term payables are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

1.14 Financial Instruments

Trust only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables are measured initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred

beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective

interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the date of the Statement of Financial Position.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

	Turnover	Operating Costs	Operating Surplus or Deficit 2016	Operating Surplus or Deficit for Previous Period of Account 2015 Restated
	£'000	£'000	£'000	£'000
Social letting	19,728	15,551	4,177	4,957
Other activities	2,484	2,444	40	(2)
FRS 102 adjustment	-	-	-	6,011
Total	22,212	17,995	4,217	10,966

Notes to the Financial Statements

For the year ended 31 March 2016

3. Lettings and Other Related Information

Particulars of turnover, operating costs and surplus before taxation.

	Other revenue grants	Supporting People income	Other income	Total Turnover
	£'000	£'000	£'000	£'000
Support activities				
Support activities	-	2,263	-	2,263
Other activities				
Other activities : Equal Opportunities	132	-	-	132
Other activities: Training Grant	-	-	28	28
Other activities : Arran Care and Repair	36	-		36
Other activities : Income Recharge	-	-	10	10
Other activities : Donations	-	-	14	14
Total from other activities	168	2,263	52	2,484
Total from other activities for 2015	174	2,345	3	2,522

3. Lettings and Other Related Information

Particulars of turnover, operating costs and surplus before taxation. **(continued)**

	Other operating costs	Operating surplus or deficit 2016	Operating surplus or deficit 2015 Restated
	£'000	£'000	£'000
Support activities			
Support activities	2,252	11	9
Other activities			
Other activities : Equal Opportunities	159	(26)	(31)
Other activities: Training Grant	-	28	15
Other activities : Arran Care and Repair	33	3	3
Other activities : Income Recharge	-	10	-
Other activities : Donations	-	14	3
Total from other activities	2,444	40	(2)
Total from other activities for 2015	2,524	(2)	

4. Income from Lettings

	General Needs Housing	Supported Housing Accommodation	Shared Ownership	2016 Total	2015 Total Restated
	£'000	£'000	£'000	£'000	£'000
Rent receivable net of Services charges	1,166	13,989	88	15,243	9,137
Service charges receivable (eligible for housing benefit)	3	624	-	627	7,758
Service charges receivable (not eligible for housing benefit)	11	4,244	-	4,255	4,127
Gross rents receivable	1,180	18,857	88	20,125	21,022
Less: Rent losses from voids	(12)	(382)	(3)	(397)	(407)
Net rents receivable	1,168	18,475	85	19,728	20,615
Revenue grants from local authorities & other agencies	-	-	-	-	46
Total turnover from social letting activities	1,168	18,475	85	19,728	20,661
Expenditure on letting activities					
Service costs	30	4,194	1	4,225	8,103
Planned and cyclical maintenance including major repairs costs	38	355	9	402	546
Management	536	3,591	14	4,141	3,959
Reactive maintenance	107	1,801	8	1,916	1,638
Rents debts - Rent & Service Charge	-	20	-	20	
Depreciation & Impairment of social housing	67	634	14	715	927
Major repairs expenditure	-	328	-	328	329
Stock condition surveys	-	84	-	84	43
Miscellaneous costs	-	3,720	-	3,720	160
Operating costs for social letting activities	778	14,727	46	15,551	15,704
Operating surplus for social lettings	390	3,748	39	4,177	4,957

Notes to the Financial Statements

For the year ended 31 March 2016

5. Officers' Emoluments

	2016	2015 (Restated)
Aggregate emoluments payable to Officers. (Excluding pension contributions and benefits in kind). Officers are defined as members of the Leadership Team	£'000	£'000
Total emoluments (including pension contributions and benefits in kind)	582	579
Emoluments (excluding pension contribution) of the Chief Executive Officer amounted to:	85	80
Pension Contributions of the highest paid Officer amounted to:	-	4
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	1	2
£70,001 to £80,000	2	1
£80,001 to £90,000	1	-
Number of Officers to whom pension benefits are accruing:	8	9
The Officers are ordinary members of the pension schemes described in Notes 1.7 and 20. 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 £21,405 (2015 £26,491).		
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	3

Officers are considered to be key management personnel of the association.

6. Employee Information

	2016 Number of Staff	2015 Restated Number of Staff
The average number of full-time equivalent persons employed during the year was:		
Office staff	82	74
Development based staff	228	218
	310	292
The average number of staff employed during the year was:		
Office staff	87	81
Development based staff	489	465
	576	546
	£'000	£'000
Staff costs (including directors emoluments):		
Wages and salaries	7,877	7,997
Social Security costs	510	508
Pension costs	185	199
	8,572	8,705

7. Operating Surplus

	£'000	£'000
Operating surplus is stated after charging:		
Depreciation	3,114	36,987
Amortisation of Grants	(2,338)	(41,655)
Repairs: cyclical, planned and day to day	2,654	2,507
Auditors' remuneration - audit services	16	16

8. Interest Payable and Other Charges

Interest Payable and Other Charges	£'000	£'000
On loans payable wholly or partly in more than 5 years:	780	784
Amounts payable to Banks and Building Societies		
Interest on Pension Deficit	245	366
	1,025	1,150

Notes to the Financial Statements

For the year ended 31 March 2016

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	2016 Total £'000	2015 Total (Restated) £'000
--	---	---	--	---	---------------------------------	--

Cost

At beginning of year	141,059	441	4,173	145,673	145,673	141,961
Additions	-	-	3,712	3,712	3,712	7,608
Disposals during year	(1,461)	-	-	(1,461)	(1,461)	(3,794)
Transfers	4,952	-	(6,247)	(1,295)	(1,295)	(102)
At end of year	144,551	441	1,638	146,629	146,629	145,673

Depreciation

At beginning of year	48,468	80	-	48,549	48,549	12,356
Charge for year	2,789	7	-	2,796	2,796	2,467
Grant Amortisation Adj	-	-	-	-	-	34,205
Disposals during year	(1,286)	-	-	(1,286)	(1,286)	(480)
At end of year	49,971	88	-	50,058	50,058	48,548

9. Tangible Fixed Assets (continued)

	Office Properties £'000	Motor Vehicles £'000	Office Equipment £'000	Development Furniture £'000	Total Other Assets £'000	2016 Total £'000	2015 Total (Restated) £'000
Cost							
At beginning of year	3,691	63	2,143	1,086	6,983	6,983	7,077
Additions during year	-	-	53	143	196	196	226
Accruals	-	-	-	-	-	-	8
Disposal	-	(22)	-	-	(22)	(22)	(328)
Transfers	-	-	-	-	-	-	-
At end of year	3,691	40	2,197	1,229	7,157	7,157	6,983
Depreciation							
At beginning of year	1,654	63	1,760	298	3,775	3,775	3,553
Charge for year	74	-	135	109	318	318	315
Disposals during year	-	(22)	-	-	(22)	(22)	(94)
At end of year	1,728	40	1,896	406	4,070	4,070	3,775
Net Book Value							
At beginning of year	2,037	-	383	788	3,209	3,209	3,524
At end of year	1,963	-	301	823	3,087	3,087	3,209

Development allowances received in the year amounted to £45,140 (2015: £58,837).

The Association has taken advantage of the optional exemption in paragraph 35.10 of FRS 102 to use the carrying value of the property at the date of transition determined under the previous reporting framework as its deemed cost going forward.

Notes to the Financial Statements

For the year ended 31 March 2016

10. Trade and other receivables

Amounts falling due within one year:	2016 £'000	2015 (Restated) £'000
Rental debtors	549	390
Other debtors	934	780
Prepayments and accrued income	209	160
	1,692	1,329

11. Creditors due within one year

	2016 £'000	2015 (Restated) £'000
Rent in advance	214	175
Housing loans	1,142	932
Pension Deficit	916	889
Other taxation and social security	139	145
Creditors and accruals	2,758	2,337
Service Equalisation Account	1,141	1,036
	6,309	5,513

12. Creditors due after more than one year

	2016 £'000	2015 (Restated) £'000
Housing loans	16,152	17,412
Pension Deficit	3,853	10,610
	20,005	28,022

Housing loans:

In one year or less	1,142	932
Between one and two years	1,142	932
Between two and five years	3,425	2,796
In five years or more	11,585	13,683
	17,294	18,343

12. Creditors due after more than one year (continued)

Loans are secured by legal charges against certain housing properties.

Loan debt at 31 March 2016 comprised:

- Loans from Nationwide with a balance of £4.74m, 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 £9.07m, 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 £3.48m which is at a variable interest rate.

Pension Deficit:	2016 £'000	2015 (Restated) £'000
In one year or less	916	889
Between one and two years	773	896
Between two and five years	2,351	2,728
In five years or more	729	6,986
	4,769	11,499

13. Deferred Capital Grants

	Housing Properties held for letting	Shared Ownership Accommodation	WIP Ownership	2016 Total Housing Properties	2015 (Restated) Total Housing Properties
	£'000	£'000	£'000	£'000	£'000
At beginning of year	60,372	308	3,437	64,117	104,827
Additions	485	-	43	531	20
Transfers		-	(1,293)	(1,294)	1,087
Disposals	-	-	-	-	(162)
Grant amortisation	(2,329)	(6)	-	(2,338)	(41,655)
Grants at end of year	58,528	302	2,187	61,017	64,117

Notes to the Financial Statements

For the year ended 31 March 2016

14. Rent Arrears and Rent

	2016	2015 (Restated)
Rent arrears	£607,329	£447,995
Average monthly rent	£507	£291
Average rental increase	2.0%	2.5%

15. Called Up Share Capital

	2016 £	2015 (Restated) £
Shares of £1 each issued and fully paid:		
At beginning of year	1,067	1,062
Movement during year	(657)	5
At end of year	410	1,067

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.

16. Units in Management

	2016 No. of Units	2015 (Restated) No. of Units
Housing accommodation	347	347
Supported accommodation	2,223	2,223
Shared ownership	8	8
Total number of units	2,578	2,578

17. Accommodation Managed by Others

Name of Managing Body	2016	2015 (Restated)
Leonard Cheshire Foundation	16	16
Southbank	40	21
Glasgow (Pollock) Bield	15	15
Stirling (awaiting conversion- not let)	12	12
Total number of units	83	64

18. 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 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 £234k and incurred costs of £227k, resulting in a profit of 8k. Gross assets of the subsidiary as at 31 March 2016 were £226k and the subsidiary had net liabilities of £87k. The capital and reserves in the current year amounted to a liability of £87k (2015 £94k).

In the year Trust paid expenses of £9k (2015: £37k) on behalf of the subsidiary, purchased services totalling £15k (2015: £17K) from the subsidiary and was recharged £94k (2015: £109k) by the subsidiary for services provided on Trust's behalf. A payment to Trust was processed for £180k (2015: £100K) during the year.

At the year end, an amount of £98k was outstanding (2015 £161k).

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

Notes to the Financial Statements

For the year ended 31 March 2016

19. Capital and Other Commitments

	2016 £'000	2015 (Restated) £'000
Capital Expenditure that has been contracted for but has not been provided for in the accounts	712	512

20. Pensions - SHAPS

	2016 £'000	2015 (Restated) £'000
Pension Deficit as of 31 March 2015	11,499	11,189
Unwinding of the discount factor (interest expense)	245	366
Deficit Contribution paid	(889)	(863)
Actuarial re-measurement to 31 March 2016	(6,086)	807
	4,769	11,499

Trust participates in the Scottish Housing Associations' Pension Scheme, a multi-employer scheme which provides benefits to some 155 non-associated employers. The scheme is a defined benefit scheme in the UK.

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore Trust is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2015. The triennial valuation has been undertaken against a challenging economic backdrop for defined benefit schemes like SHAPS. That said, the deficit has reduced from £304m as at 30 September 2012, to £198m as at 30 September 2015; an improvement in the funding position from 56% to 76%. This is primarily due to the outperformance of the

20. Pensions - SHAPS (continued)

assets held in the Scheme over the three year period.

The Committee proposes to maintain the aggregate deficit recovery contributions (across all employers at the current level (£28.7m for

the year 1 April 2017) and retain the 3.0% per annum annual increase. As a result, the Scheme Actuary projects that the deficit will be removed from the Scheme by 28 February 2022 (previously 30 September 2027).

21. Financial Instruments

	2016 £'000	2015 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	1,692	1,329
	1,692	1,329
Financial liabilities		
Financial liabilities measured at amortised cost	26,314	33,535
	26,314	33,535

Financial assets measured at amortised cost comprise of trade and other debtors.

Financial liabilities measured at amortised cost comprise of trade, other creditors and accruals.

22. Contingent Liabilities

The contingent liability from component replacements was £533,721 as at 31st March 2015. Under FRS102 there is no longer a contingent liability obligation due to all grants being amortised over the useful life.

23. Taxation

Trust is a Registered Charity and is therefore exempt from Corporation Tax on its charitable activities.

24. Post Balance Sheet Events

There are no post balance sheet events.

25. Controlling Party

In the opinion of the Board of Management there is no individual controlling party.

Notes to the Financial Statements

For the year ended 31 March 2016

26. Transition to FRS 102

These financial statements are prepared in accordance with FRS 102. The transition date to this accounting standard was 1st April 2014. This transition impacts on the previous accounting policies adopted and as such there has been a restatement of prior year figures resulting in a prior year adjustment.

The effect of these changes in accounting policies on the 2015 financial statements is shown below.

	Notes	31 March 2015 £'000	1 April 2014 £'000
Capital and Reserves (as previously stated)		12,887	9,649
Restatement of depreciation on housing units	A		(35,641)
Restatement of grant received for housing units	B	6,011	35,641
Incorporation of SHAPS pension deficit	C	(11,499)	(11,189)
Closing Capital and reserves (as restated)		7,399	(1,540)

	Notes	Year Ended 31 March 2015
Surplus for the year (as previously stated)		3,239
Depreciation adjustment	A	(35,641)
Grant adjustment	B	41,655
SHAPS deficit repayment plan adjustment		
• Interest Expense	C	(366)
• Deficit Contribution Paid	C	863
• Actuarial Loss	C	(807)
		8,943

The following notes
are applicable to both
formats set out above.

A) Restatement of depreciation	2015 £000
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Restated depreciation on tangible fixed assets	48,548
Depreciation pre restatement	(12,904)
Adjustment for FRS 102	35,641

B) Restatement of HAG (Deferred Capital Grants)	2015 £000
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Deferred Capital Grants (HAG) as previously stated	105,773
Amortisation of HAG	(41,655)
Deferred Capital Grants (HAG) as restated	64,117

C) Pension - SHAPS	2015 £000
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Pension Deficit as of 31 March 2014	11,189
Unwinding of the discount factor (interest expense)	366
Deficit Contribution paid	(863)
Actuarial re-measurement to 31 March	807
Provision at end of Period	11,499

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

The Scottish Housing Regulator Registered
No. HEP 143

Trust Housing Association is a Registered
Scottish Charity No. SC009086

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