

Fit for the Future

2017/18 Review and Accounts





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Review from Our Chair



Trust is undoubtedly in a different place to where we were a year ago. As we enter the final year of our Bright Future business strategy it is our continuing ambition to become more fit for the future and an increasingly market leading and agile organisation.

Our Homes & Services

Our ambition for growth is significant and very much a key component of Bright Future. We are successfully delivering growth through our plans to build new homes, and with Scottish Government grant assistance, now have new-build developments on site, with more in the final stages of planning.

We have invested £7 million in our existing housing stock during the year and have successfully delivered our maintenance and investment programmes.

We have worked with staff and tenants to develop a new website for Trust. Recently completed, the new website incorporates their ideas along with best practice to present a site with a more modern look and feel.

We are delighted to have retained our reputation for high levels of care and support to tenants. When visited by the Care Inspectorate our services have once again been consistently rated as very good.

Our Customers

Being part of a customer focussed organisation is very satisfying, and particularly so when our most recent tenant satisfaction survey reflects this ethos, with a 91% overall customer satisfaction figure. This is a result that we are very proud of, but one which we are always looking to improve.

The work of our award-winning customer panel helps us to review and develop services by scrutinising different areas of Trust and making recommendations – from the customers’ point of view. They have recently completed this exercise for rent management.

To ensure we meet changing customer demand we have developed new care and support service models in Edinburgh and Galashiels. And to further meet our customers’ needs we have completed Wi-Fi installation in a third of our staffed developments, with the remaining ones to be completed by 2020.

Our Employees

Time and again, Trust staff go above and beyond in their roles to ensure we are delivering the best possible service. Our people are the key to our success, and to recognise this we 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. Our achievement of the prestigious Investors in People Gold accreditation in 2015 is external validation of the highly developed training & development programme and the positive, supportive culture that is embedded throughout Trust.

Trust is both an Investor in Diversity and a Leader in Diversity. Living up to the title, we continue to hold a high-ranking place in the National Centre for Diversity's top 100 organisations in the UK.

Our people strategy 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.

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 is a focus for Trust as we continue to be inclusive in all areas of our business.

What are our plans for the future?

This is an exciting time for Trust as we begin to develop our goals and aspirations beyond the current Bright Future strategy. The Board, working with the senior team, have begun work on this and have concluded that the twin themes of growth and transformation will underpin our strategy going forward. These will ensure we continue to grow through building more new homes and providing new services tailored to meet the needs of our customers.

It will also ensure that we change our ways of working to become as efficient and effective as we can, delivering the best value for money for our tenants.

As Trust becomes an increasingly digital organisation the opportunities provided for both tenants and staff continue to grow and will underpin our ability to provide excellent services and choice.

This coming year will be my third and final year as Chair of Trust and I look forward to it being another year of strong delivery – and one in which we develop robust plans for the future, taking the organisation from good to great.



Heather Pearson, Chair

Trust Housing Association Limited

A Registered Scottish Charity

Board of Management and Directors as at 31 March 2018

Chair:

Heather Pearson LLB, DipLP, NP

Vice-Chair:

John Burke FRICS

Board Members:

Ian Crawford MA (Hons) MHSM

Gordon Laurie

Karen Cawte

Paul McFarlane

Wendy Wilkinson BSc Math Science, MBA (Dist)

Doreen Inskip

Rob Molan LLB

Sister Jenny Lindsay

Kenny McDonald MA (Hons) MCIPR

Desiree McLennan MCIPD

Audit and Performance Committee Members

Convener:

Ian Crawford MA (Hons) MHSM

Vice Convener:

Rob Molan LLB

Board Members:

John Burke FRICS

Paul McFarlane

Gordon Laurie

Sister Jenny Lindsay

Directors:

Rhona McLeod MA – Chief Executive

David McIndoe MRICS – Director of Asset
Management Services

Gail Gourlay BA MCIH– Director of Customer
Services

Jack Marshall FMAAT, CPFA – Director of
(resigned 6th January 2018) Finance and
Business
Services

Fiona Beattie ACMA – Director of
Finance &

(appointed 6th January 2018) Business Services

Company Secretary:

Mary Strathearn BA (Hons)

Auditors:

Armstrong Watson Audit Ltd, 1st Floor
24 Blythswood Square, Glasgow, G2 4BG
(External Auditor)

Wylie and Bisset, 168 Bath Street, Glasgow,
G2 4TP (Internal Auditor)

Bankers:

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

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

Nationwide Building Society, Northampton
Admin Centre, Kings Park Road, Moulton
Park, Northampton, NN3 6NW

Bank of Scotland, PO Box 1000, BX2 1LB

Santander, Customer Service Centre, Bootle,
Merseyside, L30 4GB

Solicitors:

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

Registered under the Co-operative and
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

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 2018 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:

- Growth is a key part of our business strategy and we have several projects underway to build new homes. We have also been developing new service models to ensure we remain well placed to meet changing customer needs.
- As part of our new-build growth strategy, we have sought additional development opportunities, and with Scottish Government grant assistance have progressed the following projects on site:
 - [16 flats mid-market rent – Bishopbriggs: target completion October 2019](#)
 - [19 flats general needs – Torrance: target completion June 2019](#)
 - [We also continue to work with Scottish Borders Council regarding delivery of their Housing for Older People Strategy and are currently progressing an Extra Care Housing facility within the Borders area, which is progressing to tender.](#)
- Achievement of 91% overall customer satisfaction was confirmed by our latest tenant survey.
- Further development of the scope and breadth of work undertaken by our customer panel has involved them in a scrutiny exercise for rent management which relates to outcomes 14 and 15 of the Scottish Social Housing Charter. We have also established a new tenant working group which will focus on outcome 13 – value for money. This group, known as Team 13, together with staff will progress our Customer Panel’s recommendation.

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- Our strategy for digital participation is now into its implementation phase. Highlights have seen the introduction of WIFI to 21 of our housing developments and a new way of using technology to get more real time customer satisfaction feedback.
 - We have worked with staff and tenants to develop a new website for Trust. Recently completed, the new website incorporates their ideas along with best practice to present a site with a more modern look and feel.
 - We have invested around £7 million in our stock during the year, and have successfully delivered our annual/reactive maintenance and investment programmes including:
 - Bathroom replacement programme to 106 properties
 - Kitchen replacement programme to 171 properties
 - Window replacement programme to 22 properties
 - Heating plant and replacement upgrades to 228 properties
 - External door replacement to 25 properties
 - Fire alarm upgrades to 171 properties
 - Warden call replacements to 130 properties
 - Six lift replacements servicing 160 properties
 - Completed 267 medical adaptations to properties
 - External insulation measures to 14 properties
 - External decoration to 22 developments covering 381 properties
 - Internal decoration to 13 developments covering 334 properties
 - As part of our core data and systems re-implementation strategic project we have successfully implemented new and reviewed existing modules covering:
 - Contract management
 - Repairs and maintenance
 - Servicing
 - We have also completed our five-yearly stock condition survey, using external consultants, with the information gathered being reviewed to inform our five-year investment programme and 30-year financial planning.
 - Trust has contracts with a number of local authorities across Scotland to provide housing support services. As the economic climate remains challenging, these contracts are subject to change and in some cases have led to a reduction in funding. In such circumstances Trust undertakes a review of the service model provided, in consultation with tenants and housing development staff. The best possible service continues to be provided within the funding available. The ongoing review of services by councils can also lead to enhanced housing and care services where local need has been determined. This accounts for the increase in the number of Trust developments providing a Housing with Care service.
 - In recognition of the rapidly changing and uncertain economic and political climate we undertook two strategy review exercises with our Board. These events concluded that our Bright Future strategy remains the right approach. The opportunity was also taken to start shaping strategy beyond the current Bright Future 2014-19 phase.

Board of Management Report

Governance

Trust is governed by a dedicated voluntary Board of Management who operate in accordance with 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, with an annual training programme conducted together with strategy days delivered to develop skills and expertise which enables Board Members to fully execute their role.

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 2017/18 the Regulator confirmed that they will continue their low level of engagement with Trust. We believe this to be a sign of their ongoing confidence in our performance and service delivery.

The key responsibilities of the Board are:

- 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 control 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



Board of Management Report

Financial Performance 2017/18

We are pleased to report a strong financial performance in 2017/18. 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:

	2017/18	2016/17	Movement
Turnover £m	22.9	22.4	0.5
Operating Surplus £m	3.0	3.7	(0.7)
Operating Surplus %	13.2%	16.5%	(3.3%)
Net Surplus £m	2.2	2.6	(0.4)
Net Surplus %	9.5%	11.6%	(2.0%)
Pension (Loss/Gain) £m	0.0	0.0	0.0
Surplus after pension adjustment £m	2.2	2.6	(0.4)
Interest Cover	4.1	4.3	(0.2)
Net Assets £m	21.5	19.3	2.2

Turnover has remained broadly in line with budget projections. Operating surplus remains sound generating 13.2% of turnover. Operating surplus is arrived at after charging a one-off provision for a potential liability arising out of the treatment of historic staff costs.

Net assets have grown strongly as a result of the financial performance during the year.

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 & 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 year and is reviewed annually as an integral part of the business and financial planning process.

Our Performance

Strategic Aim	Performance
<p>A:</p> <p>To understand and exceed customer expectations</p>	<ul style="list-style-type: none"> • 91% of our customers are satisfied with the overall service provided by Trust. • 87% of our customers agree that living with Trust has improved their quality of life. • 84% of tenants think the rent they pay is good value for money. • We resolved 94% of all complaints within timescale and 99% of all Anti-Social Behaviour cases. • We have Investors in People ‘Gold’ accreditation. • We have Leaders in Diversity accreditation.
<p>B:</p> <p>To provide quality homes and maintain a viable asset base</p>	<ul style="list-style-type: none"> • 92% of our customers are satisfied with the quality of their homes. • 97% of our homes achieved the Scottish Housing Quality Standard. • 88% 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 94% of our repairs ‘right first time’.
<p>C:</p> <p>To continuously develop and grow Trust as a thriving and sustainable business</p>	<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 % of rent due was 3.4%. • We took on average 56 days to re-let our vacant properties. • 2.7% of rent due was lost as a result of empty properties. • We have EFQM ‘2 star’ committed to excellence accreditation.

Board of Management Report

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. Our achievement of the prestigious Investors in People Gold accreditation in 2015 is external validation of the highly developed training & development programme and the positive, supportive culture that is embedded throughout Trust.

Trust is both an Investor in Diversity and also a Leader in Diversity. Living up to the title, we continue to hold a high-ranking place in the National Centre for Diversity's top 100 organisations in the UK.

Our people strategy 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.

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 is a focus for Trust as we continue to be inclusive in all areas of our business.

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.
- On-going review of our fire detection systems, following updated regulation from the Scottish Government following the Grenfell Tower fire in England.

Trust Audit & Performance Committee 2017/18

The Audit and Performance Committee was chaired throughout the year by Ian Crawford. Its membership is shown elsewhere in this report. During the year it met four times. The role of the Committee is to review both audit matters and performance indicators. The internal auditors meet with the Committee and at one meeting the auditors have met with the members of the committee privately (i.e. without the officers) so that members can be satisfied that the auditors are independent, receiving full support and there are no major issues of concern.

The Audit and Performance Committee monitors the integrity of financial statements, reviews internal financial controls including Trust's risk management and reports to

the full Board on areas where action is necessary, or improvements are required making recommendations as appropriate. The Committee recommended to the Board and ultimately to the Annual General Meeting the appointment of Armstrong Watson as external auditors.

The Committee oversees the plan for internal audit, ensuring that key areas are monitored. In the financial year the internal auditor, Wylie Bisset, presented audit reports on, among other issues, budgetary and financial controls, procurement, contract management, health and safety, and gas safety, with recommendations and these have been implemented. Part of the audit cycle ensures that progress on implementation is reviewed.



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 meet 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 annually 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 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 control 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.

The Board of Management has reviewed the effectiveness of the system of internal financial controls for the year ended 31 March 2018 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;
- 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

A black rectangular box redacting the signature of the Chair.

Heather Pearson, Chair

Board of Management Report

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 346 members (2017 – 371).

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 2017/18

The Equality, Diversity and Inclusion 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 benefits and services.

The project is funded by the Big Lottery Fund for three years by restricted grant funding of £336,896. The project started in April 2017 and will run until March 2020. The project received £103,817 in the financial year 2017/18.

Related Parties

During the year, there were 2 (2017 – 2) 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 Member Wendy Wilkinson continued her employment with the Scottish Government. All transactions with the Scottish Government are made on normal commercial terms, and as a Board Member, she cannot use her position to any advantage.

During the year Trust invested £50k in an Our Power bond, of which Jack Marshall (Director of Finance and Business Services until 6th January 2018) is a voluntary Board Member. There was no corresponding investment in prior years.

Independent Auditor's Report

To the Members of Trust Housing Association Limited

Opinion

We have audited the financial statements of Trust Housing Association Limited (the 'association') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 87 of the Co-Operative Community Benefits Society Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-Operative and Community Benefits Societies Act 2014, Schedule 7 of Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditor's Report

To the Members of Trust Housing Association Limited

Other information

The directors are responsible for the other information. The other information comprises the information in the Overview of Business and Activities but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Overview of Business and Activities.

We have nothing to report in respect of the following matters where the Co-Operative and Community Benefits Societies Act 2014 requires 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
- we have not received all the information and explanations we require for our audit.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.



Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Floor 1
24 Blythwood Square
Glasgow
G2 4BG

Date: 25 July 2018

Statement of Comprehensive Income

For the year ended 31 March 2018

		2018	2017
	Notes	£'000	£'000
Turnover	2	22,893	22,396
Less: operating costs		(19,879)	(18,691)
Operating surplus	7	3,014	3,705
Profit/(Loss) on sale of fixed assets		(166)	(229)
Interest receivable and other income		11	10
Interest payable and other charges	8	(691)	(853)
Surplus for the year		2,168	2,633
Actuarial Gain/(Loss) on the Pension deficit	21	0	0
Total Comprehensive income for the year		2,168	2,633

All operations are continuing.

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

The notes on pages 25 to 41 form part of these Financial Statements

Statement of Financial Position

As at 31 March 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Tangible fixed assets					
Housing properties	9		97,314		95,848
Other	9		3,324		3,107
Investments	10		50		0
Total fixed assets			100,688		98,955
Current assets					
Trade and other receivables	11	1,599		1,495	
Cash at bank and in hand		2,257		2,728	
Total current assets		3,856		4,223	
Creditors: amounts falling due within one year	12	7,528		6,271	
Net current assets/ (liabilities)			(3,672)		(2,048)
Total assets less current liabilities			97,016		96,907
Creditors: amounts falling due after more than one year	13		(18,046)		(18,327)
Deferred Capital Grants	14		(57,473)		(59,249)
Net assets			21,499		19,331
Capital and reserves					
Share capital	16		0		0
Development reserves			94		101
Revenue Reserve			21,405		19,230
			21,499		19,331

The Financial Statements were approved and authorised for issue by the Board of Management on 29 May 2018 and were signed on its behalf:



Heather Pearson, Chair
23 July 2018



John Burke, Vice Chair



Mary Strathearn, Secretary

The notes on pages 25 to 41 form part of these Financial Statements.

Statement of Changes in Equity

As at 31 March 2018

	Development reserve	Revenue Reserve	Total
	£'000	£'000	£'000
Current Year			
Balance at 1 April 2017	101	19,230	19,331
Surplus/(deficit) from statement of Comprehensive income	0	2,168	2,168
Transfer of Development reserve expenditure from Revenue reserve	(7)	7	0
Balance at 31 March 2018	94	21,405	21,499

	Development reserve	Revenue Reserve	Total
	£'000	£'000	£'000
Prior Year			
Balance at 1 April 2016	103	16,595	16,698
Surplus/(deficit) from statement of Comprehensive income	(0)	2,633	2,633
Transfer of Development reserve expenditure from Revenue reserve	(2)	2	0
Balance at 31 March 2017	101	19,230	19,331

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 2018

	2018	2017
	£'000	£'000
Cash flows from operating activities		
Surplus for the year	2,168	2,633
Depreciation of property, plant and equipment	3,421	3,569
Utilised government housing grants	(2,184)	(2,446)
Proceeds from Sale of Assets	(35)	(209)
Interest Paid	691	853
Interest Received	(11)	(10)
Decrease/(Increase) in trade and other receivables	(104)	198
Increase/(decrease) in trade payables	627	(120)
Pension costs less contributions payable	(780)	(751)
Net cash inflow/(outflow) from operating activities	3,793	3,717
Cash flows from investing activities		
Proceeds from Sale of Property	35	209
Purchase of property, plant & equipment	(5,658)	(3,351)
Disposal of property, plant & equipment	287	484
Purchase of other Fixed Assets	(50)	0
Receipt of social housing grant	714	797
Disposal of social housing grant	(40)	(119)
Interest received	11	10
Interest Paid	(691)	(853)
Net cash from investing activities	(5,392)	(2,823)
Cash flows from financing activities		
Repayments of borrowings	(1,472)	(1,344)
Borrowings acquired	2,600	500
Net cash used in financing activities	1,128	(844)
Net increase/(decrease) in cash and cash equivalents	(471)	50
Cash and cash equivalents at beginning of year	2,728	2,678
Cash and cash equivalents at end of year	2,257	2,728
Components of cash and cash equivalents		
Cash	2,257	2,728
Cash Equivalents	0	0
	2,257	2,728

Notes to the Financial Statements

For the year ended 31 March 2018

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.

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.

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.

Notes to the Financial Statements

For the year ended 31 March 2018

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

Annual 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 and software	5 years
Motor vehicles	4 years
Furniture and 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:

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 point 1 above.
3. Our auto-enrolment scheme with the Peoples Pension which is an entry level scheme with contributions at 1% for both employee and employer, this increased from 1 April 2018 to 3% employee contribution and 2% employer contribution.

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.

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 by using the effective interest rate over the life of the loan.

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.

Notes to the Financial Statements

For the year ended 31 March 2018

1.13 Trade and other 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) 2017/18	Operating Surplus or (Deficit) 2016/17
	£'000	£'000	£'000	£'000
Social letting	20,475	17,485	2,990	3,760
Other activities	2,418	2,394	24	(55)
Total	22,893	19,879	3,014	3,705

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	Other operating costs	Operating surplus or (Deficit) 2017/18	Operating surplus or (Deficit) 2016/17
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Support activities							
Support activities		2,206		2,206	2,206	0	0
Other activities							
Equal Opportunities			21	21	50	(29)	(81)
Older Peoples Project	104			104	98	6	0
Never too Old to Learn Project	7			7	6	1	0
Never too Late to Learn Project	7			7	4	3	0
Training Grant	17			17	0	17	0
Arran Care and Repair	36			36	30	6	1
Income Recharge			15	15		15	15
Donations			5	5		5	9
Total from other activities	171	2,206	41	2,418	2,394	24	(55)
Total from other activities for 2016/17	72	2,238	43	2,353	2,408	(55)	

Notes to the Financial Statements

For the year ended 31 March 2018

4. Income from Lettings

				2017/18	2016/17
	General Needs Housing £'000	Supported Housing Accommodation £'000	Shared Ownership £'000	Total £'000	Total £'000
Rent receivable net of identifiable services charges	1,288	14,461	28	15,777	15,565
Service charges receivable (eligible for housing benefit)	3	382	0	385	361
Service charges receivable (not eligible for housing benefit)	9	4,800	0	4,809	4,552
Gross rents receivable	1,300	19,643	28	20,971	20,478
Less: Rent losses from voids	(9)	(487)	0	(496)	(435)
Net rents receivable	1,291	19,156	28	20,475	20,043
Total income from social letting activities	1,291	19,156	28	20,475	20,043
Expenditure on letting activities					
Service costs	44	4,888	1	4,933	4,412
Planned and cyclical maintenance	38	442	9	489	325
Management	656	4,338	11	5,005	4,418
Reactive maintenance	107	1,748	8	1,863	2,049
Rent debts – rents and service charges	0	10	0	10	237
Depreciation and Impairment of social housing	67	911	14	992	883
Major repairs expenditure	0	283	0	283	305
Stock condition surveys	0	36	0	36	3
Rent/Landlord Staff Costs	0	1,882	0	1,882	1,772
Development services	0	1,591	0	1,591	1,549
Concierge Service	0	271	0	271	208
Voids Costs	0	50	0	50	26
Development Sundries	0	80	0	80	96
Total operating costs for social letting activities	912	16,530	43	17,485	16,283
Operating surplus for social lettings	379	2,626	(15)	2,990	3,760
Prior year Operating Surplus	439	3,343	(22)	3,760	

5. Officers' Emoluments

	2017/18 £'000	2016/17 £'000
Aggregate emoluments payable to Officers. (Excluding pension contributions and benefits in kind). Officers are defined as members of the Leadership Team	548	527
Total emoluments (Including pension contributions and benefits in kind)	612	593

Emoluments (excluding pension contribution) of the Chief Executive Officer amounted to:	111	110
Pension Contributions of the highest paid Officer amounted to:	-	-

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) in the following ranges were:	Number of Officers	Number of Officers
£60,001 to £70,000	1	-
£70,001 to £80,000	2	3
£80,001 to £90,000	-	-
£100,001 to £115,000	1	1
Number of Officers to whom pension benefits are accruing:	7	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 £25,820 (2017 £23,871).

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.	7	8

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

Notes to the Financial Statements

For the year ended 31 March 2018

6. Employee Information

The average number of full-time equivalent persons employed during the year was:	2017/18	2016/17
	Number of staff	Number of staff
Office staff	87	82
Development based staff	240	239
	327	321
The average number of staff employed during the year was:		
Office staff	93	89
Development based staff	464	499
	557	588
	£'000	£'000
Staff costs (including directors emoluments):		
Wages and salaries	9,342	8,230
Social security costs	639	551
Pension costs	203	198
	10,184	8,979

7. Operating Surplus

Operating surplus is stated after charging:	£'000	£'000
Depreciation	3,421	3,569
Amortisation of Grants	(2,184)	(2,446)
Repairs: cyclical, planned and day-to-day	2,641	2,690
Auditors' remuneration – audit services	15	15

8. Interest Payable and Other Charges

	£'000 2017/18	£'000 2016/17
On loans payable wholly or partly in more than 5 years: Amounts payable to Banks and Building Societies	680	688
Pension deficit unwinding of the discount factor (interest expense)	39	90
Pension deficit re-measurement – impact of any change in assumption	(28)	74
	691	852

9. Tangible Fixed Assets

	Housing Properties held for letting £'000	Shared Ownership Housing Properties £'000	Housing Properties in the course of construction £'000	2017/18 Total £'000	2016/17 Total £'000
Cost					
At beginning of year	147,616	441	589	148,646	146,629
Additions	3,419	-	1,653	5,072	3,034
Disposal	(620)	-	-	(620)	(1,017)
Transfers	589	-	(589)	-	-
At end of year	151,004	441	1,653	153,098	148,646
Depreciation					
At beginning of year	52,703	95	-	52,798	50,058
Charge for year	3,312	7	-	3,319	3,273
Grant Amortisation Adj	-	-	-	-	-
Disposals during year	(333)	-	-	(333)	(533)
At end of year	55,682	102	0	55,784	52,798
Net Book Value					
At beginning of year	94,913	346	589	95,848	96,570
At end of year	95,322	339	1,653	97,314	95,848

Notes to the Financial Statements

For the year ended 31 March 2018

9. Tangible Fixed Assets (continued)

	Office Properties £'000	Motor Vehicles £'000	Office Equipment £'000	Development Furniture £'000	2017/18 Total £'000	2016/17 Total £'000
Cost						
At beginning of year	3,691	40	2,503	1,309	7,543	7,157
Additions during year	-	-	476	40	516	317
Disposals during year	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
At end of year	3,691	40	2,979	1,349	8,059	7,474
Depreciation						
At beginning of year	1,802	40	2,006	519	4,367	4,070
Charge for year	74	-	161	133	368	297
Disposals during year	-	-	-	-	-	-
At end of year	1,876	40	2,167	652	4,735	4,367
Net Book Value						
At beginning of year	1,889	-	427	791	3,107	3,087
At end of year	1,815	-	812	697	3,324	3,107

10. Investments

During the year Trust invested £50k in an Our Power Community Benefit Society Ltd. 6.5% fixed rate unsecured bond concluding in 2021.

11. Trade and other receivables

Amounts falling due within one year:	2017/18 £'000	2016/17 £'000
Rental debtors	564	408
Other debtors	808	921
Prepayments and accrued income	227	166
	1,599	1,495

12. Creditors due within one year

	2017/18 £'000	2016/17 £'000
Rent in advance	208	547
Housing loans	1,955	1,349
Pension deficit	815	791
Other taxation and social security	154	151
Creditors and accruals	2,344	1,844
Service Equalisation Account	2,052	1,590
	7,528	6,271

Notes to the Financial Statements

For the year ended 31 March 2018

13. Creditors due after more than one year

	2017/18 £'000	2016/17 £'000
Housing loans	15,623	15,100
Pension deficit	2,423	3,227
	18,046	18,327

Housing loans:	2017/18 £'000	2016/17 £'000
In one year or less	1,955	1,349
Between one and two years	1,955	1,349
Between two and five years	5,864	4,047
In five years or more	7,804	9,704
	17,578	16,449

Loans are secured by legal charges against certain housing properties. Loan debt at 31 March 2018 comprised:

- Loans from Nationwide with a balance of £3.772m, 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 £10.579m, 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 £3.227m, with repayments concluding in 2035, at a variable interest rate.

Pension deficit:	2017/18 £'000	2016/17 £'000
In one year or less	815	791
Between one and two years	839	806
Between two and five years	1,584	2,421
In five years or more	-	-
	3,238	4,018

14. Deferred Capital Grants

	Housing Properties held for letting £'000	Shared Ownership Accommodation £'000	WIP £'000	2017/18 Total Housing Properties £'000	2016/17 Total Housing Properties £'000
At beginning of year	58,839	296	114	59,249	61,017
Additions	298	0	416	714	797
Transfers	114	0	(114)	0	0
Disposals	(40)	0	0	(40)	(119)
Grant amortisation	(2,444)	(6)	0	(2,450)	(2,446)
Grants at end of year	56,767	290	416	57,473	59,249

15. Rent Arrears and Rent

	2017/18	2016/17
Rent arrears	£563,743	£573,691
Average monthly rent	£532	£519
Average rental increase	2.0%	2.0%

16. Called Up Share Capital

	2017/18	2016/17
Shares of £1 each issued and fully paid:	£	£
At beginning of year	371	410
Movement during year	(25)	(39)
At end of year	346	371

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.

Notes to the Financial Statements

For the year ended 31 March 2018

17. Units in Management

	2017/18	2016/17
	Number of Units	Number of Units
Housing accommodation	351	349
Supported accommodation	2,219	2,219
Shared ownership	6	8
Total number of units	2,576	2,576

18. Accommodation Managed by Others

Name of Managing Body	2017/18	2016/17
Leonard Cheshire Foundation	16	16
Southbank	40	40
Glasgow (Pollock) Bield	15	15
Total number of units	71	71

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 Co-operative and 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 £286k and incurred costs of £314k, resulting in a loss of £28k. Gross assets of the subsidiary as at 31 March 2018 were £71k and the subsidiary had net liabilities of £105k. The capital and reserves in the current year amounted to a liability of £105k (2017: £77k).

In the year the Association paid expenses of £75k (2017: £6k) on behalf of the subsidiary, purchased services totalling £14k (2017: £15k) from the subsidiary and was recharged £6k (2017: £6k) by the subsidiary for services provided on the Association's behalf. Payments to the Association totalled £88k (2017: £110k) during the year.

At the year end, an amount of £132k was outstanding (2017: £107k). A loan of £25k between Trust and the subsidiary forms part of this, on which an annual interest rate of 4% is charged.

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

20. Capital and Other Commitments

	2018	2017
	£'000	£'000
Capital Expenditure that has been contracted for but has not been provided for in the accounts	1,461	1,008

Notes to the Financial Statements

For the year ended 31 March 2018

21. Pensions – SHAPS

	2018	2017
Pension deficit as of 31 March 2017	4,018	4,769
Unwinding of the discount factor (interest expense)	39	91
Deficit Contribution paid	(791)	(916)
Re-measurement - impact of any change in assumptions	(28)	74
Actuarial re-measurement from triennial valuation	-	-
	3,238	4,018

Trust participates in the Scottish Housing Associations' Pension Scheme, a multi-employer scheme which provides benefits to some 150 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. This actuarial valuation showed assets of £616 million, liabilities of £814 million and a deficit of £198 million.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

22. Financial Instruments

	2018 £'000	2017 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	1,599	1,495
	1,599	1,495
Financial liabilities		
Financial liabilities measured at amortised cost	25,574	24,599
	25,574	24,599

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.

23. Taxation

Trust Housing Association 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.

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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

This information is available in Braille, tape, large print and community languages.

To request a copy please contact 0131 444 1200



Version: 09/18

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