

Viewpoint Housing Association Limited

Financial Statements

for the year ended 31 March 2015

Register of Housing Associations NO. HEP 199

Register of Co-operative and Community Benefit Societies No. 1228 RS

Charity registered with OSCR No. SCO05619

Viewpoint Housing Association Limited
Financial Statements
For the year ended 31 March 2015

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Viewpoint Housing Association Limited
Board of Trustees, Executives and Advisors
31 March 2015

Board of Trustees

Mr R Rae	(Chairman)
Mr G Anderson	
Mrs N Donaldson	
Mr V Stewart	
Mr R McNeill	
Ms J Simpson	(Chair of the Remuneration Committee)
Mr R Stewart	(Chair of the Audit Committee)
Ms J Macrae	
Mr I Thompson	(Deputy Chairman)
Dr W Campbell	
Mrs A M Cumber	(resigned 04/08/14)
Mr R Barnes	(co-opted 19/05/15)
Mr I Mackay	(co-opted 19/05/15)

Executive Officers

Chief Executive/Secretary	Mrs Dorry McLaughlin
Director of Housing and Property Services	Ms Sandra Brydon (resigned September 2014)
Director of Housing and Property Services	Mrs Helen Barclay
Director of Finance and ICT	Mrs Jenni Fairbairn
Director of Care Services	Mrs Donna Macleod

Registered Office

4 South Oswald Road
EDINBURGH
EH9 2HG

Registration Numbers

Register of Housing Associations No. HEP 199
Register of Cooperative and Community Benefit Societies No. 1228 RS
Charity registered with OSCR No. SCO05619

Solicitors

T C Young
Melrose House
69a George Street
Edinburgh
EH2 2JG

External Auditor

Chiene + Tait LLP
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

ACH Shoosmiths
20 Castle Terrace;
Edinburgh;
EH1 2EN

Bankers

The Royal Bank of Scotland
36 St Andrew Square
EDINBURGH

Internal Auditors

BDO LLP
4 Atlantic Quay
70 York Street
GLASGOW
G2 8JX

Viewpoint Housing Association Limited
Statement of the Board's Responsibilities
31 March 2015

The Board of Trustees (the Board) presents its report and the audited financial statements for the year ended 31 March 2015.

Principal Activities

Viewpoint Housing Association Ltd (Viewpoint) was formed for the benefit of the community with the primary objective of providing high quality accommodation and services. Viewpoint is a Registered Social Landlord and Care Home provider specialising in housing, support and care homes with nursing. Although its main client group is older people it also provides mainstream housing.

Viewpoint's Head Office is in Edinburgh and its properties and services are largely in Edinburgh and Fife. Viewpoint has 3 care homes with nursing (133 bed spaces) and 1329 housing properties. The accommodation and services range from amenity housing through to enhanced sheltered housing with higher levels of support for older people, mainstream flats and a number of specialist projects managed in partnership with support organisations.

Viewpoint works in partnership with many other organisations including Impact Arts, Carr Gomm, KiTE, The Action Group and local authorities and the NHS.

Financial Performance

The results for the year are shown in the Income and Expenditure Account on page 11. The surplus of £1,826k (2014: £2,900k) shows a decrease from the previous year's performance, as previous year included a property sale gain. The surplus generated from housing activities of £1,323k is down from the previous year (£1,515k) as a result of higher spending in planned and cyclical repairs and higher costs relating to pension past service deficit in management and administration figures. The care homes surplus of £830k increased by £395k from £435k, this was mainly due to increased occupancy and therefore income. During the year the SHAPs defined benefit pension scheme was closed to future accrual to reduce current and future costs. Designated reserves levels have been reviewed and are considered sufficient to cover the next three to five years' expenditure needs on properties. At 31 March 2015 balances of £6,778k (2014: £6,892k) have been designated for future maintenance of properties, this is shown in note 6.

Viewpoint has continued to invest in its properties, with capital spend of £1,174k on housing properties and £482k on care homes. Significant investments of £6.6m are planned over the next five years including continued compliance with the Scottish Housing Quality Standard (SHQS). Viewpoint is also actively seeking growth opportunities and is currently looking at its treasury arrangements with a view to sourcing additional funds to support its growth aspirations.

The out-turn for the year was within budgeted levels which again evidences the stability of operations and will enable Viewpoint to meet its strategic aspirations for growth and services development.

Structure, Governance and Management

Viewpoint adopted the SFHA Model Rules at its AGM on 23/09/2014. The rules comply with the requirements of the Scottish Housing Regulator. Viewpoint is on the Register of Co-operative and Community Benefit Societies and is registered with the Financial Conduct Authority as a Friendly Society. Viewpoint is also registered with the Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord. Viewpoint continues to be assessed as low risk by the Scottish Housing Regulator. The Housing Support and Care Home services are regulated and inspected by the Care Inspectorate.

Viewpoint has a wholly owned subsidiary, Viewpoint Scotland Ltd whose purpose is to manage housing/homes funded by a Special Needs Capital Grant and our loan stock portfolio at Kilravock House. The loan stock arrangement will be reviewed in 2017. Viewpoint provides management and development services to Viewpoint Scotland for which they are charged. The financial results of Viewpoint Scotland Ltd for the year ended 31 March 2015 have not been consolidated into Viewpoint Housing Association Limited as these are of an immaterial nature to the results of Viewpoint.

Viewpoint is governed by a voluntary Board of Trustees (Board) whose members are elected by the membership and are unpaid. One Board member resigned during the year (Mrs A M Cumber) and one co-opted member (Dr W Campbell) became a full member at the AGM in September 2014. A further two members have been co-opted post year end, Mr R Barnes (co-opted 19/05/2015) and Mr I Mackay (co-opted 19/05/2015).

The Board is supported by an Audit Committee and a Remuneration Committee. The Chair conducted appraisals of each Board member and the Board continues to monitor the effectiveness of its governance arrangements. Board members adopted the SFHA Code of Conduct for Governing Body Members during the year.

Viewpoint Housing Association Limited Statement of the Board's Responsibilities 31 March 2015

Management is delegated by the Board to the Executive Team. This Team comprises the Chief Executive, Director of Finance & ICT, Director of Housing & Property Services and Director of Care. Viewpoint has a Schedule of Delegated Authorities setting out those authorities that are reserved by the Board and those delegated to the Committees and Chief Executive. The delegated authorities were reviewed during the year.

Each member of the Board holds one fully paid share of £1 in Viewpoint. The Chief Executive and Executive Team members hold no interest in Viewpoint's share capital, and although not having the legal status of directors, act as Executives within the authority delegated by the Board.

Viewpoint maintains insurance to cover its Board and Officers against liabilities in relation to their duties carried out on behalf of Viewpoint, as authorised by Viewpoint's rules.

The Board meets six weekly and members take part in working groups. The Board held an away day during the year to review Viewpoint's approach to risk management, Board members also attended training including Risk Management and Dementia Friend.

Resident and Tenant Involvement

Viewpoint implemented Tenant Scrutiny during the year with the continued assistance of the Tenant Information Service. A Repairs Scrutiny Group reviewed the repairs services and produced an excellent report and Viewpoint intends to implement the majority of the recommendations. The main scrutiny review during 2015/16 will be of housing support/tenant care services. A review of rents and service charges will also take place.

The Viewpoint Tenants Representative Group (VTRG) and Fife Forum continue to work closely with Viewpoint and meet senior staff regularly. Both groups provide valuable feedback on services to Viewpoint.

Viewpoint carried out local surveys of its tenants during the year and involved tenants in a number of service reviews including void management and gardening services in Fife. Tenants are routinely involved in the recruitment and selection of staff including Housing and Maintenance staff.

Viewpoint was delighted to be the first housing association in Scotland to be awarded the TPAS Accreditation to the gold standard.

Viewpoint introduced a Resident Participation Strategy for its care home residents. Residents were involved in the design of a 'seaside' garden at Lennox House and establishment of a laughter zone in St. Raphael's. Customer surveys at each of the homes continued to show high levels of satisfaction which exceeded the target of 85%.

Strategy, Objectives and Business Review

Viewpoint continued to embed its Vision – Creating Joy in Later Years – and developing its culture to embrace the new values. This new approach is embodied in our new logo Creating Joy in Later Years and underpins our strategic objectives. As a result we are well placed to respond to the changing environment and the challenges and opportunities which face housing, support and care providers.

Viewpoint continues to operate in a dynamic environment as many national and local policies and strategies as well as legislative changes are implemented.

Policy agenda for older people

The Scottish and local government priority continues to be to enable older people to remain at home and independent for as long as possible and for as long as they wish. Viewpoint was awarded Change Fund resources to establish a Craft Café at Lennox House in partnership with Impact Arts. Viewpoint is in collaboration with other RSLs also carrying a feasibility study into the scope to provide care at home services to specific localities and neighbourhoods in Edinburgh. This initiative coupled with a review of Housing Support services in 2015 will mean that Viewpoint is responding proactively to the Public Bodies (Joint Working) (Scotland) Act 2014 as well as the personalisation agenda embodied in the Social Care (Self-directed Support) (Scotland) Act 2013. We were, however, disappointed to be directed to end Housing Support services to our sheltered tenants in Fife by the local authority.

Viewpoint welcomed the Care Inspectorate's approach to inspection which is becoming outcome focused. St. Raphael's achieved grade five for all areas of the service during an inspection in the year and Lennox House and Marian House achieved grade fours with some fives within the individual standards.

Viewpoint Housing Association Limited
Statement of the Board's Responsibilities
31 March 2015

Viewpoint's major achievements were as follows:

- ✓ Negotiations are well underway to purchase a site to provide a care home with nursing and extra care housing in East Lothian
- ✓ The conversion of Head Office to provide additional bed spaces for St. Raphael's is due to be completed early in the new financial year. Cunningham House will offer 12 bedrooms for people living with dementia, who may be experiencing stressed and distressed behaviours. An agreement with Edinburgh City Council to purchase a number of the new beds is welcomed.
- ✓ A further Healthy Living Road show was held at Lade Court and attended by tenants, the community and was well supported by Living it Up Edinburgh, Age Scotland and City of Edinburgh Health and Social Care.
- ✓ A Dementia Observational Tool was introduced in the care homes to help determine non-verbal residents' views about their needs and standards of care.
- ✓ Work commenced in partnership with Impact Arts to develop a seaside themed garden at Lennox House. The work is being carried out by young people on work experience. This intergenerational project is a first in Edinburgh.
- ✓ Substantial investment in accommodation resulted in boiler replacements at Croft an Righ and Lennox House, lift refurbishments at St Albans and Craiglea Court, communal area painting at Balfour House and external painting at Kilravock amongst other planned and cyclical works.
- ✓ A further 'Health' event was held for staff to promote and encourage well-being at work and in general.
- ✓ The Tenant Repairs Scrutiny Group completed its work and all recommendations have been taken under consideration with the majority of them to be implemented.
- ✓ All financial targets were achieved and bank covenants met with significant headroom.
- ✓ The Scottish Housing Regulator's requirements in relation to the Scottish Housing Quality Standard were largely met a year early with only minimal and low cost work left to fully achieve the standard by March 2015.
- ✓ Viewpoint was proud to maintain Investors in People Silver award during the year.

Viewpoint uses Key Performance Indicators to assess its performance and a summary of results for the year is shown in the following tables. Whilst not all targets were achieved progress was made during the year.

	Target	2014/15	2013/14
Care Homes			
Average Occupancy Rate in care homes	97%	97.4%	93%
Care home arrears as % income receivable	<5%	3.95%	4%
Human Resources			
Sick hours as % total hours	<5%	5.35%	5%
Annualised turnover of staff	<30%	34%	30%
Agency hours as % all hours	<8%	13%	8%
Qualitative			
Resident satisfaction with overall care home service	>85%	96%	96%
Requirements/recommendations from inspection reports dealt with within six months	100%	100%	100%
Housing and Property Services			
Void loss as % rent and service charge receivable	3%	1.54%	2%
Arrears as % rent and s/c income	2%	3.3%	3%
Average void turnaround time (supported housing)	40 days	50	63
Average void turnaround time (general needs housing)	30 days	57	78
% of stock meeting SHQS	100%	100%	99.9%
Routine repairs completed within 15 days	>95%	93%	98%
Urgent repairs responded to within 3 days	100%	80%	95%

Viewpoint Housing Association Limited
Statement of the Board's Responsibilities
31 March 2015

Emergency repairs responded to within 24 hours	100%	97%	95%
Resident satisfaction with repairs	>85%	86.08%	85%
Stage 1 complaints resolved within timescale	100%	84.62%	Not in previous year
Stage 2 complaints resolved within timescale	100%	100%	Not in previous year
% all complaints upheld	<10%	60%	Not in previous year

The Future

Viewpoint is keen to extend its services and accommodation and is proactively exploring opportunities to do so. We hope to progress the development of a care home with nursing and extra care housing in East Lothian during the coming year and to complete a feasibility study into the scope to provide care at home services to our sheltered tenants and close neighbourhoods.

We are also looking to develop our neighbourhood housing services further and are actively looking to create a community café and catering service at a sheltered housing complex.

To support our service development plans we will be reviewing the Housing Support service in collaboration with our staff but also involving tenants through the scrutiny framework.

We will also develop our workforce further by encouraging professional development through qualifications required by the Scottish Social Services Council and encouraged by the Chartered Institute of Housing. There will be a continued focus on leadership development with a specific induction programme for new managers.

Having met the standards set by SHQS we are now turning our attention to achieving the Energy Efficient Standard for Social Housing by 2020. We will carry out targeted surveys of our properties and look to exploit opportunities to increase the energy efficiency of our accommodation.

Employee Information and Engagement

All employees were asked to comply with the SFHA Code of Conduct for Employees.

Viewpoint has an establishment of 218 full and part time employees. Annualised turnover of employees continues to exceed targets at 34% although this did not affect quality and financial performance.

The focus this year has been to establish a professional and proactive Learning and Development function which seeks to enhance the skills of staff to help us achieve our strategic objectives. To this end we have invested £38k and staff have undertaken the following key training and development opportunities:

- ✓ Diversity – unconscious bias
- ✓ Dementia skills (Promoting Excellence standard) for nurses
- ✓ Team leading
- ✓ Happy to Translate
- ✓ Best Practice in dementia aimed at Housing staff and provided by Stirling University
- ✓ Roll out of the Competency framework

We also held a Health and Wellbeing session for staff.

This investment has led to the care home grades increasing, levels of resident satisfaction in the care homes improving, at least six staff being promoted against external competition underpinning our succession planning strategy and achievement of our Strategic Priorities for the year.

Staff involvement is achieved through the Employee Forum which meets quarterly, a quarterly staff newsletter and a system of core briefings. In November 2014 Viewpoint held its annual Staff Conference which fed directly into the Strategic Plan Review. Viewpoint has successfully achieved the Investors in People Silver award.

Viewpoint Housing Association Limited
Statement of the Board's Responsibilities
31 March 2015

Treasury Management

Viewpoint is reviewing its borrowing arrangements to support its aspiration to grow and provide additional services, this exercise is expected to be concluded in 2015/16.

Viewpoint cannot invest in transactions of a speculative nature. The Board reviews Viewpoint's Treasury Policy and Strategy bi-annually. Cash funds are held in institutions which have a long term grading of A as a minimum.

Borrowings are secured on a combination of fixed and variable rate finance. 70% of Viewpoint's bank loan facilities were fixed at 31 March 2015.

Part of Viewpoint's finance is raised through loan-stock provided by loan-stock tenants. These loans are unsecured and, at Kilravock are repaid six months after a loan-stock tenancy has ended or earlier if the property is re-let in that period. At all other properties holding loan stock tenants, loans are repaid in full as tenancies end. Any decisions taken regarding the borrowing requirements for Viewpoint must consider the status of the loan-stock portfolio at that time. Viewpoint's remaining loan-stock properties at Kilravock are being re-let through Viewpoint Scotland, although the loanstock deposits are loaned back to Viewpoint Housing Association.

Risk Management

Viewpoint reviewed its Risk Strategy, Policy and the format of the Risk Map during the year. Risk is a standing agenda item for both the Audit Committee and Board.

The key risks facing Viewpoint are:

Risk	Mitigation
Pension costs unaffordable - note final salary pension scheme past service deficit liability and implications of auto enrolment	Closed final salary pension scheme to future accrual and minimised employer liability of defined contribution scheme. Auto enrolment now implemented.
Poor or slow response to ICT opportunities and/or bureaucratic or ineffective work flow processes including poor data management. Major ICT or telephone failure	ICT Strategy in place and employed Business Systems Analyst Have Data Protection Policy and making progress with Qlx. Homes and complexes have mobile phones.
Pressure to implement Living Wage	Strategy to implement in stages being developed
Reductions in public funding e.g. Supporting People Grant, free personal care, Housing Benefit or end of National Care Home Contract, reduction in demand due to recession	Lobbying and responses to consultations and continue efficiency savings. Maintain occupancy in care homes through differentiation strategy for the homes. Assess needs and evidence value of housing support service to local authorities
Poor work force planning, change management and/or structures not embedded well. This could lead to staff poorly trained and/or high turnover of staff. Particular risk in relation to new business.	Use consultancy to help with workforce planning during periods of change. Improved recruitment following regular Pay & Benefit reviews. Learning & Development policy and strategy
Change of law or policy/strategy changes affecting what we can or cannot do e.g. procurement or what and how we provide services e.g. Self-Directed Support and health and social care integration	Lobbying and responding to consultations. Member of Coalition of Care and Support Providers Scotland. Regular reviews in all key functional areas e.g. Human Resources, Asset Management and briefings to Board on legislative and regulatory changes. Service charge and housing support reviews

Law at Work continued to provide a Health and Safety advisory service during the year as well as carrying out sample audits. There were no material risks identified. Viewpoint continues to deliver essential health and safety training including manual handling, fire safety and food hygiene.

Viewpoint Housing Association Limited
Statement of the Board's Responsibilities
31 March 2015

Responsibilities of the Board

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Viewpoint and of its income and expenditure for that period.

In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of Viewpoint and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and The Scottish Housing Regulator's Determination of Accounting Requirements (April 2012). The Board also has general responsibility for taking reasonable steps to safeguard the assets of Viewpoint and to prevent and detect fraud and other irregularities.

At the time of approval of this report:

- a) so far as the Trustees are aware, there is no relevant audit information of which the Auditor is unaware, and
- b) the Trustees have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that Viewpoint's Auditor is aware of that information.

External Auditor

Chiene and Tait LLP have indicated its willingness to continue in office. A resolution proposing their reappointment for 2015/16 will be submitted at the Annual General Meeting.

By order of the Board



Dorry McLaughlin

Secretary

...18 AUGUST.....2015

Viewpoint Housing Association Limited
The Board's Statement on Internal Financial Control
31 March 2015

The Board acknowledges its ultimate responsibility for ensuring that Viewpoint has in place a system of internal financial controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:-

- The reliability of financial information used within the Association or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material misstatement or loss. Key elements include ensuring that:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of Viewpoint's assets.
- Experienced and suitably qualified staff takes responsibility for important business functions.
- Forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives and progress towards the financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- The Board reviews reports from management and from both internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed. Significant progress continues to be made in addressing control weaknesses identified in previous years. Our Risk Strategy and policy is being rigorously implemented and Financial Control policies enhanced and implemented. Our internal auditor report showed that there were no high priority recommendations made during the year as a result of internal audits.
- Financial risk identification has been carried out and the Risk Map has been approved by the Board. The Board reviews the annual strategy and development-funding plan and both it and the internal management plan are subject to approval by the Board. A treasury management policy is in place to guide and review all borrowing and investment activities and is reviewed regularly and policy changes approved by the Board. Given the reviews to date, the Board is satisfied that the control system was sufficient to give them confidence in the current financial statements. The arrangements comply with the Scottish Housing Regulator's Regulatory Standards and Guidance.

By order of the Board

N. W. V. New

Date: 18 August 2015

Independent Auditor's Report to the Members of Viewpoint Housing Association Limited

We have audited the financial statements of Viewpoint Housing Association Limited for the year ended 31 March 2015 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to Viewpoint's members, as a body, in accordance with Section 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to Viewpoint'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 Viewpoint and Viewpoint's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and the auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 7, the Board is responsible for the preparation of financial statements which 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to Viewpoint's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements. In addition, we read all the financial and nonfinancial information in the Report of the Board to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of Viewpoint's affairs as at 31 March 2015 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, and The Scottish Housing Regulator's Determination of Accounting Requirements (2012).

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, requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the information given in the Board's annual report is inconsistent in any material respect with the financial statements; or
- Viewpoint has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Chiene + Tait LLP

CHIENE + TAIT LLP

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh

EH3 6NL

27 August 2015

Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**Report by the Auditor to the Members of Viewpoint Housing Association Limited on
Corporate Governance Matters**

In addition to our audit of the financial statements, we have reviewed your statement on page 8 concerning Viewpoint's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

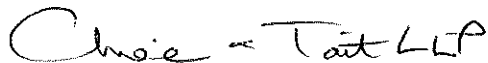
Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of Viewpoint's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

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



CHIENE + TAIT LLP
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

27 August 2015

Chiene + Tait LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Viewpoint Housing Association Limited
Income and Expenditure Account
For the year ended 31 March 2015

	Notes	2015 £	2014 £
Turnover	2	13,681,524	12,572,882
Operating Costs	2	(11,599,645)	(10,651,136)
Operating Surplus	2	<u>2,081,879</u>	<u>1,921,746</u>
Gain on Sale of Fixed Assets		691	1,261,066
Interest Receivable and Other Income	4	76,337	46,550
Interest Payable and similar charges	5	(332,624)	(329,051)
Net Surplus for the year	8	<u><u>1,826,283</u></u>	<u><u>2,900,311</u></u>

Viewpoint has no recognised gains or losses other than the surplus for the year.

The historical cost surpluses and deficits are identical to those shown in the financial statements.

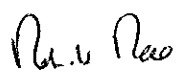
The results for the year relate wholly to continuing activities.

The notes on pages 14 to 33 form an integral part of these financial statements.

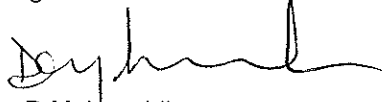
Viewpoint Housing Association Limited
Balance Sheet
As at 31 March 2015

	Notes	2015 £	2014 £
Fixed assets			
Housing Properties and Homes - Depreciated Cost	9	55,587,160	54,971,335
Less: Housing Association Grant	9	(30,616,009)	(30,567,482)
Less: Capital Donations	9	(4,098,936)	(4,038,811)
		<u>20,872,215</u>	<u>20,365,042</u>
Other fixed assets	10	1,342,994	1,009,512
Investments	11	111	111
Total fixed assets		<u>22,215,320</u>	<u>21,374,665</u>
Current assets			
Debtors	12	989,473	804,861
Cash at bank and in hand		10,162,006	9,184,995
		<u>11,151,479</u>	<u>9,989,856</u>
Creditors - amounts due within one year	13	(2,789,838)	(2,416,653)
Net current assets		<u>8,361,641</u>	<u>7,573,203</u>
Total assets less current liabilities		<u>30,576,961</u>	<u>28,947,868</u>
Creditors - amounts falling due after more than one year	14	(8,841,615)	(9,038,788)
Net Assets		<u>21,735,346</u>	<u>19,909,080</u>
Capital and Reserves			
Share Capital	15	179	196
Designated Reserves	6	8,878,896	8,992,181
Restricted Reserves	7	110,081	110,630
Revenue Reserves	8	12,746,190	10,806,073
Total capital and reserves		<u>21,735,346</u>	<u>19,909,080</u>

Approved and authorised for issue by the Board of Management and signed on its behalf:


R Rae
Chairman


R Stewart
Board Member


D McLaughlin
Secretary

Date: 18 August 2015

The notes on pages 14 to 33 form an integral part of these financial statements.

Viewpoint Housing Association Limited
Cash Flow Statement
For the year ended 31 March 2015

	Notes	2015 £	2014 £
Net cash inflow from operating activities	21a	3,651,766	3,132,349
Returns on investments and servicing of finance			
Interest received		46,572	48,482
Interest paid		(331,602)	(327,303)
Net cash outflow from returns on investments and servicing of finance		(285,030)	(278,821)
Investment			
Payments to acquire and develop housing properties		(1,546,336)	(998,853)
Housing Association Grant received		50,525	62,309
Capital grants received		-	8,852
Payments to acquire other assets		(567,369)	(401,697)
Receipt from sale of assets		758	1,294,566
Net cash (outflow) from capital expenditure and financial investment		(2,062,422)	(34,823)
Cash inflow before management of liquid resources and financing		1,304,314	2,818,705
Management of Liquid Resources			
Cash (placed on) / withdrawn from fixed term deposits		(4,500,000)	1,000,000
Financing			
Loans repaid		(949,421)	(710,012)
Loans received		693,442	118,391
Share Capital Issued		5	10
Net cash (outflow) from financing		(255,974)	(591,611)
(Decrease) / Increase in cash	21b	(3,451,660)	3,227,094
Increase in cash placed on/(withdrawn from) deposit		4,500,000	(1,000,000)
(Decrease) in Overdraft		(71,329)	(125,494)
Overall Change in Cash and Liquid Resources		977,011	2,101,600
Opening Cash at bank and in hand		9,184,995	7,083,395
Closing Cash at bank and in hand		10,162,006	9,184,995

The notes on pages 14 to 33 form an integral part of these financial statements.

Viewpoint Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2015

1. Principal Accounting Policies

(a) Introduction and accounting basis

The principal accounting policies of Viewpoint are set out in the paragraphs (b) to (s) below. Viewpoint is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Financial Conduct Authority. The financial statements have been prepared under the historical cost convention, and in compliance with The Scottish Housing Regulator's Determination of Accounting Requirements (April 2012) and The Statement of Recommended Practice (SORP), "Accounting by Registered Social Housing Providers – Update 2010" and applicable accounting standards. Viewpoint has formal authority from the Financial Conduct Authority to exclude its subsidiary from inclusion or consolidation into its group financial statements, due to the immateriality of the amounts involved in Viewpoint Scotland Ltd. These financial statements therefore present information about Viewpoint as an individual undertaking and not about its group.

(b) Going concern

Viewpoint made a surplus of £1,826k for the year. A net current asset position of £8,362k was reported at 31 March 2015 (2014: £7,573k). Viewpoint was compliant with its bank covenants during the year.

The results of Viewpoint's programme to improve its financial efficiency continue to be evident. Updated financial projections have been prepared which indicate it will have sufficient financial resources to meet its short, medium and long term commitments. The Board has reviewed the projections and cash flow for the next 12 months which appear satisfactory and therefore has a reasonable expectation that Viewpoint has adequate resources to continue operating for the foreseeable future. For the above reasons, these financial statements have been prepared on a going concern basis.

(c) Turnover

Turnover represents rental and service charge income, income from care homes, income from fees and revenue based grants receivable from local authorities and from the Housing and Regeneration Division of the Scottish Government, where applicable.

(d) Housing Association Grants and Capital Donations

Housing Association Grants (HAG) are made by Housing and Regeneration Division of the Scottish Government and are utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount, which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is fully allocated to the land and structure components of the scheme.

HAG and other grants are repayable under certain circumstances, primarily following sale of property, but will normally be restricted to net proceeds of sale.

(e) Fixed assets - Housing land and buildings (note 9)

Properties included in housing properties are stated at cost. The cost of such properties includes:

- (i) cost of acquiring land and buildings;
- (ii) development expenditure including applicable overheads;
- (iii) the replacement of components which are treated separately for depreciation purposes (note (i))

These costs are either termed "qualifying costs" by the Housing and Regeneration Division of the Scottish Government for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Viewpoint Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2015

1. Principal Accounting Policies (continued)

Development costs are capitalised to the extent that they are attributable to specific schemes and where such costs are not felt to be excessive.

If capital expenditure does not qualify for HAG, it is nevertheless capitalised.

Expenditure on schemes that are subsequently aborted is written-off in the year in which it is recognised that the scheme will not be developed to completion.

Properties in the course of construction are carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with Viewpoint's accounting policy. Such properties are classified to the appropriate categories of property when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(f) Improvements Capitalised

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:

- An increase in rental income, or;
- A material reduction in future maintenance costs, or;
- A significant extension of the life of the property.

Works to existing properties that fail to meet the above criteria are charged to the Income and Expenditure account, unless replacing components.

(g) Depreciation

(i) Housing properties and care homes

No depreciation is charged on the cost of land. Depreciation on properties is charged over the remaining useful life of the assets by dividing the depreciable book value by the estimated remaining useful economic life in years.

The depreciable book value is calculated by taking total cost less land cost, HAG received, capital donations received and accumulated depreciation. Properties are charged at the following annual rates:

Care Homes and Housing Properties 60 years

Major components are treated as separate assets and depreciated over their expected useful economic lives at the following rates:

Structure	60 years
Windows	Between 30 and 50 years
Heating Systems	Between 20 and 30 years
Kitchens	20 years
Bathrooms	Between 20 and 30 years
Lifts	20 years
Fire Systems, Door Entry and Call	Between 10 and 15 years
Alarm Systems	

Viewpoint Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2015

1. Principal Accounting Policies (continued)

(ii) Other fixed assets

Viewpoint's assets are written off on a straight -line basis over their useful lives as follows:

Heritable office property	50 years
Fixtures & fittings	5 years
Office equipment & computer software	Between 3 and 5 years
Motor vehicles	4 years
Kitchen equipment	5 years

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

(h) Impairment of fixed assets

Impairment is calculated as the difference between the carrying value of income generating units and the estimated value in use at the date an impairment loss is recognised. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets is recognised in the Income and Expenditure account.

(i) Reserves

Designated reserve - Reserves for future cyclical repairs and maintenance (note 6)

Cyclical maintenance, being the Association's commitment to maintain its properties in accordance with the planned programme of works, is set aside in a designated reserve, to the extent that it will not be met from revenue in the year in which it is incurred.

Designated reserve - Major repairs fund (note 6)

Major repair expenditure, being the Viewpoint's commitment to undertake major repairs to its properties, is set-aside in a designated reserve to the extent that it is not met from HAG or revenue generated in the year. This reserve is intended to cover major repairs expenditure as well as the replacement of capitalised components.

Designated reserve - Sinking fund (note 6)

Sinking fund items include recurring items and the replacement of capitalised components which do not fall within either the cyclical or major repairs programmes and have funding requirements extending over more than one year.

An amount equal to the relevant cyclical and major repairs cost is transferred to revenue reserves each year and an estimate of expected future requirements is calculated to set the required annual transfer from revenue reserve.

The balance on Viewpoint's Designated Reserves at 31 March 2015 is sufficient to cover forecast expenditure under the planned maintenance programme for a period of three to five years.

Designated reserve - New care home reserve (note 6)

This reserve was established as a result of the sale proceeds of the former care home at Inverleith Terrace in the year to 31 March 2008. The Board has designated the proceeds for the future construction or acquisition of a new care home. Should Viewpoint wish to use this for an alternative opportunity in the future, the designation may be varied.

Restricted reserves (note 7) - These relate to donations and legacies whose use is limited to the provision of amenities at specific housing complexes and care homes.

Viewpoint Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2015

1. Principal Accounting Policies (continued)

(j) Managing Agents

Housing and accounting records are maintained on behalf of Craiglea Place Proprietors Association which reflect management agreements. While management fees for the provision of this service are included in these financial statements as income, the transactions of the managed bodies are not included.

(k) Apportionment of management expenses

Direct employee administration and operating costs have been apportioned to the Income and Expenditure account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in these accounts.

(l) Lease obligations

Rentals paid under operating leases for office equipment are charged to the Income and Expenditure account on the accruals basis.

(m) Pensions

Viewpoint participates in the centralised Scottish Housing Associations' Pension Scheme (SHAPS) which is a defined contribution scheme. At 31 August 2014 Viewpoint closed the Defined Benefit Scheme to future benefit accrual and all members were transferred in to the SHAPS Defined Contribution Scheme. This scheme is also used for Viewpoint staff auto-enrolling. Auto enrolment commenced 1 May 2014 (deferred date).

Viewpoint also participates in a second defined contribution scheme managed by Friends Life.

All staff are eligible to join either the Friends Life or the SHAPS defined contribution pension scheme. Viewpoint will match Employee's contributions, between 1% and 6% for new members and 1% and 9.6% of contracted salaries for members transferred in from the Defined Benefit scheme. Contributions are charged in the Income & Expenditure Account as they become payable in accordance with the rules of the scheme.

(n) Value Added Tax (VAT)

Viewpoint is not VAT registered; as a result all expenditure is stated inclusive of Value Added Tax.

(o) Prepayment of Loan Set-Up Costs

Loan set-up costs are treated as prepaid and will be charged to the Income and Expenditure account over the life of the loan. This treatment is consistent with Financial Reporting Standard 4 'Capital Instruments'.

(p) Liquid resources

Liquid resources are defined as cash and cash equivalents being assets readily convertible into cash without curtailing or disrupting the business of Viewpoint.

(q) Loan stock

Loan stock, being unsecured loans from tenants under the terms of a number of the Association's tenancy agreements, is shown as long term creditors, with the exception of an estimated £350k which is included in housing loans within current liabilities. The current liability reflects the amount Viewpoint estimates will be repaid within one year.

(r) Leasing Policy

Viewpoint Housing Association has leased a special needs property to its subsidiary, Viewpoint Scotland Ltd, for a number of years and receives an annual peppercorn rent under a 30 year lease which commenced in 2004. During the year under review Viewpoint Scotland Ltd has also begun to undertake the letting and management of the group's "loanstock" properties. These loanstock properties are leased to Viewpoint Scotland by Viewpoint Housing Association under individual property leases which continue on a month to month basis. Rental income receivable by Viewpoint is accounted for on a due and receivable basis.

Viewpoint Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2015

2. Turnover, Operating Costs and Operating Surplus

		2015		2014	
		Turnover	Operating Costs	Operating Surplus	Operating Surplus
Note	£	£	£	£	£
Social Lettings	3a	7,400,132	(6,077,005)	1,323,127	1,515,234
Other activities	3b	6,281,392	(5,522,640)	758,752	406,512
Total 2015		<u>13,681,524</u>	<u>(11,599,645)</u>	<u>2,081,879</u>	<u>1,921,746</u>
Total 2014		<u>12,572,882</u>	<u>(10,651,136)</u>	<u>1,921,746</u>	

Viewpoint Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2015

3a. Income and Expenditure from Social Housing Lettings

	2015		2014	
	General Needs Housing £	Supported Housing £	Total £	Total £
Rent receivable net of service charges	988,528	3,860,200	4,848,728	4,759,136
Service charges receivable – eligible for Housing Benefit	184,551	1,847,521	2,032,072	1,956,683
Service charges receivable – not eligible for Housing Benefit	18,621	614,910	633,531	609,514
Gross Income from rents and service charges	1,191,700	6,322,631	7,514,331	7,325,333
Less: voids	(28,965)	(85,234)	(114,199)	(222,913)
Net Income from rents & service charges	1,162,735	6,237,397	7,400,132	7,102,420
Other revenue grants	-	-	-	2,327
Total Turnover from social letting activities	1,162,735	6,237,397	7,400,132	7,104,747
Service costs	(210,506)	(2,312,867)	(2,523,373)	(2,371,496)
Management & maintenance administration costs*	(117,040)	(1,087,588)	(1,204,628)	(979,767)
Reactive maintenance costs	(135,872)	(454,498)	(590,370)	(844,318)
Bad debts - rents & service charges	(23,699)	(11,329)	(35,028)	(43,013)
Planned & cyclical maintenance including major repairs	(147,499)	(689,876)	(837,375)	(477,370)
Depreciation on social housing	(191,498)	(694,733)	(886,231)	(873,549)
Operating costs for social housing activities	(826,114)	(5,250,891)	(6,077,005)	(5,589,513)
Operating Surplus	336,621	986,506	1,323,127	1,515,234
Operating Surplus for social housing 2014	229,561	1,285,673	1,515,234	

* This figure includes the increased figure for Pensions Past Service Deficit (increase in year of £292k) (see notes 16 & 17)

In addition to other capital improvement works, during the year £1,131,477 (2014: £584,264) of major repairs work was capitalised under component accounting and £213,340 (2014: £159,600) was expensed.

There are no grants from Scottish Ministers to disclose in relation to social housing letting, nor are there any impairment charges to recognise.

Viewpoint Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2015

3b. Particulars of Turnover, Operating Costs and Operating Surplus or Deficit from Other Activities

						2015	2014
	Grants from Scottish Ministers £	Supporting People Income £	Other Income £	Total Turnover £	Operating costs – bad debts £	Other operating Costs £	Operating Surplus/ (Deficit) £
Support Activities	-	268,522	-	268,522	-	(279,408)	699
Care Activities	1,975,801	-	3,989,395	5,965,196	(2,658)	(5,131,998)	434,716
Agency and Managed Services for Registered Social Landlords	-	-	28,591	28,591	-	(30,537)	162
Other*	-	-	19,083	19,083	-	(78,039)	(29,065)
Total from Other Activities for 2015	1,975,801	268,522	4,037,069	6,281,392	(2,658)	(5,519,982)	406,512
Total from Other Activities for 2014	1,968,154	272,067	3,227,914	5,468,135	38,491	(5,100,114)	406,512

*Other includes income from Garage Properties and costs of £74k related to the exploration of New Business Initiatives.

In addition to other capital improvement works, major repairs work to Care Homes of £77.3k (2014: £32k) has been capitalised in the year under component accounting and £15.5k (2014: £5k) has been expensed.

Care Home Activities includes the receipt of grants totalling £66.8k (2014: £51k) from Viewpoint Trust, £53.5k (2014: £36k) has been used to meet costs associated with the Craft Café projects, with the remaining £13.3k (2014: £15K) being used to subsidise care home fees at St Raphael's.

There are no other activities requiring disclosure.

Viewpoint Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2015

4. Interest Receivable and Similar Income		2015	2014
		£	£
	Interest receivable on cash deposits	62,482	31,339
	Interest charged to subsidiary	13,855	15,211
		<u>76,337</u>	<u>46,550</u>
5. Interest Payable and Similar Charges		2015	2014
		£	£
	Interest on bank loans and overdrafts	332,624	329,051
		<u>332,624</u>	<u>329,051</u>
6. Designated Reserves		Transfers	
	At	from	At
	1 April	Revenue	31 March
	2014	Reserves	2015
	£	£	£
	Cyclical Maintenance	143,203	1,053,282
	1,368,904	(458,825)	
	Major Repairs	364,125	3,519,381
	3,395,000	(239,744)	
	Sinking Fund	857,431	2,205,779
	2,127,823	(779,475)	
	6,891,727	(1,478,044)	6,778,442
	New Care Home Reserve	-	2,100,454
	2,100,454	-	
	8,992,181	(1,478,044)	8,878,896

No restrictions are placed on these reserves, but the Board has designated their use for specific purposes. Allocations to these reserves and the basis of designation have been reviewed and the balance on Viewpoint's reserves at 31 March 2015 is sufficient to cover forecast spend under the planned maintenance programme for a period of between three and five years.

The New Care Home reserve was established from the sale proceeds of the former care home property at Inverleith Terrace which the Board have designated for the future construction or acquisition of a new care home. Should Viewpoint wish to use this for an alternative opportunity in the future, the designation may be varied.

Further information on the purpose of these reserves can be found at note 1(i) Principal Accounting Policies – Reserves.

Viewpoint Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2015

7. Restricted Reserves	2015 £	2014 £
As stated at 1 April	110,630	149,953
Legacy Income and Grants received during the year (including Interest) (note 8)	21,126	51,276
Transfer to revenue reserve for expenditure (note 8)	<u>(21,675)</u>	<u>(90,599)</u>
At 31 March	<u>110,081</u>	<u>110,630</u>

	Opening Balance	Rec'd	Interest	Paid '	Closing Bal
Housing	85,652	-	278	6,174	79,756
Homes	24,978	20,742	106	15,501	30,325
	110,630	20,742	384	21,675	110,081

The balance of the restricted reserves at 31 March 2015 is limited to the provision of amenities at specific housing complexes and care homes. These balances are likely to be fully expended within the next five years.

8. Revenue Reserves	2015 £	2014 £
As stated at 1 April	10,806,073	8,150,532
Net Surplus for the year	1,826,283	2,900,311
Transfer to restricted reserves (note 7)	(21,126)	(51,276)
Transfer from restricted reserves for expenditure on restricted items (note 7)	21,675	90,599
Net Transfer from(to) designated reserves (note 6)	<u>113,285</u>	<u>(284,093)</u>
At 31 March	<u>12,746,190</u>	<u>10,806,073</u>

Viewpoint Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2015

9a Housing Properties

	Housing Properties held for letting £	Care Homes £	Total £
Cost			
At 1 April	60,135,232	8,653,640	68,788,872
Additions (Including component replacements)	1,174,508	31,208	1,205,716
Construction expenditure capitalised	-	451,591	451,591
Disposals - replaced components	(471,779)	-	(471,779)
At 31 March	<u>60,837,961</u>	<u>9,136,439</u>	<u>69,974,400</u>
Depreciation			
At 1 April	(11,600,539)	(2,216,998)	(13,817,537)
Depreciation charge for year	(886,231)	(155,251)	(1,041,482)
Disposals - replaced components	471,779	-	471,779
At 31 March	<u>(12,014,991)</u>	<u>(2,372,249)</u>	<u>(14,387,240)</u>
Cost less depreciation	<u>48,822,970</u>	<u>6,764,190</u>	<u>55,587,160</u>
Housing Association Grant			
At 1 April	(30,567,482)	-	(30,567,482)
Additions	(48,527)	-	(48,527)
At 31 March	<u>(30,616,009)</u>	<u>-</u>	<u>(30,616,009)</u>
Other Capital Donations			
At 1 April	(1,665,195)	(2,373,616)	(4,038,811)
Additions	(60,125)	-	(60,125)
At 31 March	<u>(1,725,320)</u>	<u>(2,373,616)</u>	<u>(4,098,936)</u>
Total Grants as 31 March	<u>(32,341,329)</u>	<u>(2,373,616)</u>	<u>(34,714,945)</u>
Net Book Value at 31 March 2015	<u>16,481,641</u>	<u>4,390,574</u>	<u>20,872,215</u>
Net Book Value at 31 March 2014	<u>16,302,016</u>	<u>4,063,026</u>	<u>20,365,042</u>

9b. Development Administration Costs and Interest Capitalised	2015	2014
	£	£
Development administration costs capitalised during the year	4,808	6,084

9c. Leased Assets

None of Viewpoint's land or properties were held under a lease.

Viewpoint Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2015

10. Other Fixed Assets

Cost	Heritable Office Property	All Other Fixed Assets £	Motor Vehicles £	Total £
At 1 April	758,512	1,901,090	179,466	2,839,068
Additions	378,536	203,108	16,613	598,257
Disposals	-	(321,566)	(9,982)	(331,548)
At 31 March	<u>1,137,048</u>	<u>1,782,632</u>	<u>186,097</u>	<u>3,105,777</u>
Depreciation				
At 1 April	294,615	1,390,767	144,174	1,829,556
Charged during year	19,341	219,961	25,405	264,707
Disposals	-	(321,498)	(9,982)	(331,480)
At 31 March	<u>313,956</u>	<u>1,289,230</u>	<u>159,597</u>	<u>1,762,783</u>
Net Book Value at 31 March 2015	<u>823,092</u>	<u>493,402</u>	<u>26,500</u>	<u>1,342,994</u>
Net Book Value at 31 March 2014	<u>463,897</u>	<u>510,323</u>	<u>35,292</u>	<u>1,009,512</u>

11. Investments

	2015 £	2014 £
Shares in Lomond Park	100	100
Shares in subsidiary company	11	11
	<u>111</u>	<u>111</u>

Viewpoint holds one hundred unlisted shares in Lomond Park private gardens.

The subsidiary company at 31 March was:

Name	Country of Registration	Nature of Business	Proportion of Ordinary Shares held
Viewpoint Scotland Ltd	Scotland	Management of housing /homes funded by Special Needs Capital Grant and Loanstock	100%

The amount subscribed at par for the ordinary shares of £1 each held by Viewpoint Housing Association Limited was £11. The results for the subsidiary company and the deficiency of net asset value at the year-end are as follows:

	2015 £	2014 £
Profit on ordinary activities after taxation	<u>5,626</u>	<u>3,585</u>
Net Liabilities	<u>(37,511)</u>	<u>(43,137)</u>

Viewpoint Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2015

12. Debtors:	2015	2014
	£	£
Amounts falling due after more than one year:		
Amounts due from Group Undertakings	214,740	223,565
Amounts falling due within one year:		
Rental Debtors	533,681	459,297
Less: provision for bad and doubtful debts	(224,049)	(180,778)
	<u>309,632</u>	<u>278,519</u>
Other Debtors	28,299	16,616
Grants receivable	66,966	8,839
Amounts due from Group Undertakings	205,200	133,694
Prepayments and accrued income	137,495	120,015
Amounts due from Managed Schemes	22,287	16,744
Trade Debtors	4,854	6,869
	<u>989,473</u>	<u>804,861</u>
13. Creditors: Amounts falling due within one year	2015	2014
	£	£
Housing loans principal payable within one year (see note 14)	533,535	520,918
Bank Overdraft	19,210	90,539
Trade Creditors	845,184	615,659
Other Creditors	187,210	163,135
Other taxes and social security	91,034	93,434
Prepaid rent	301,412	287,952
Accruals and deferred income	812,253	645,016
	<u>2,789,838</u>	<u>2,416,653</u>
14. Creditors: Amounts falling due after more than one year	2015	2014
	£	£
Debt		
Housing Loans	4,879,089	5,049,516
Loan Stock	2,822,366	3,600,866
Amounts due to Group Undertakings (Loan Stock)	764,865	
Other/Office Loans	375,295	388,406
	<u>8,841,615</u>	<u>9,038,788</u>
Debt analysis	2015	2014
	£	£
Debt is repayable as follows:		
In one year or less	533,535	520,918
In more than one year but less than two years	543,290	533,535
In more than two years but less than five years	852,990	609,020
In more than five years	7,445,335	7,596,233
	<u>9,375,150</u>	<u>9,559,706</u>
Less: disclosed in note 13	(533,535)	(520,918)
	<u>8,841,615</u>	<u>9,038,788</u>

Bank loans are secured by specific charges over properties, the interest on bank loans is payable at a rate of interest of 5.95% (2014: 5.95%). No interest is payable on loan stock.

Viewpoint Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2015

15. Non Equity Share Capital

	2015 £	2014 £
Issued, allotted and fully paid shares of £1 each		
At 1 April	196	240
Cancelled during the year	(22)	(54)
Issued during the year	5	10
At 31 March	<u>179</u>	<u>196</u>

Each member of Viewpoint holds one share of £1 in the Association. Those shares carry no rights to dividend or distribution 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. Staff Costs

	2015 £	2014 £
Staff costs during the year		
Wages and salaries	4,420,054	4,281,848
Social security costs	343,438	324,245
Other pension costs	627,344	315,187
	<u>5,390,836</u>	<u>4,921,280</u>

Past service deficit payments based on pensionable salary roll at September 2009 have been payable since 1 April 2014. The deficit contributions increase at 3% per annum under the recovery plan. Included in pension costs above are deficit contributions of £442k (2014: £150k).

In addition to the above costs Viewpoint incurred further costs of £630,777 (2014: £387,212) relating to the use of agency staff, primarily in the care homes.

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

Office staff	29	29
Warden, care staff, caterers and cleaners	177	177
Maintenance	12	13
Total FTE employees	<u>218</u>	<u>219</u>

Viewpoint is controlled by a voluntary Board of Management who received no remuneration during the year to 31 March 2015.

The Directors also include the Chief Executive, and any other person reporting directly to the Chief Executive.

Aggregate emoluments payable to Directors whose emoluments are £60,000 or more (excluding pension contributions but including benefits in kind)

<u>144,227</u>	<u>146,587</u>
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Aggregate emoluments payable to the highest paid Director (excluding pension contributions)

<u>83,193</u>	<u>85,775</u>
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Pension Contributions of highest paid Director

<u>13,457</u>	<u>7,562</u>
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Pension Contribution of other Director with emoluments over £60,000

<u>10,277</u>	<u>5,637</u>
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Viewpoint Housing Association Limited
Notes to the Financial Statements
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16. Staff Costs (continued)

The emoluments (excluding pension contributions) of the Directors, including the highest paid Director, were within the following ranges:

	2015	2014
£60,001 to £70,000	1	1
£70,001 to £80,000	-	-
£80,001 to £90,000	1	1
Expenses not chargeable to United Kingdom income tax reimbursed to members of the Board of Management	677	846

17. Pension Obligations

The pension costs for Viewpoint Housing Association Ltd relate to the following schemes:

- **The Friends Life Personal Pension Scheme** of which 79 employees are members (2014: 94). From December 2011, all Employer contributions are on the basis of matching employee's contributions. During the year Viewpoint Housing Association made contributions of £55,695 (2014: £56,442), and at the year-end £7,901 was outstanding in respect of March 2015 contributions.

- **The Scottish Housing Associations' Pension Scheme (SHAPS)**

Viewpoint Housing Association participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). Viewpoint participated in the Defined Benefit Pension Scheme up to 31 August 2014. The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension scheme.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

Viewpoint's deficit contribution from 1 April 2015 will be £455k (previously £442k). The deficit contributions are to increase at 3% per annum under the plan.

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2014. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

Viewpoint Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2015

17. Pension Obligations (continued)

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in.
- Defined Contribution (DC) option

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Viewpoint Housing Association had elected to operate the final salary with a 1/60th accrual rate benefit option for active members as at 31 March 2012 up to 31 August 2014 when the scheme was closed to future accrual and members were transferred to the SHAPS Defined Contribution scheme. The DC scheme was implemented for new auto-enrolled members from 1 May 2014 (Postponed from 1 February 2014).

During the period 1 April 2014 to 31 August 2014 Viewpoint paid contributions at the rate of 9.6% of pensionable salaries, member contributions were at the rate of 9.6%, for the final salary benefit option, and a matching of 1% to 6% of member contributions for the defined contribution schemes.

Additional deficit contributions are payable from 1 April 2014 which increase by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions. Deficit contributions paid in 2014/15 were £442,395. Contributions in 2015/16 will be £455,213

As at the balance sheet date there were 112 members (2014: 0 members) of the SHAPs DC Scheme employed by Viewpoint Housing Association. The pensionable payroll for members in the period 1 April 2014 to 31 March 2015 was £2,218,413, and at the year-end £51,960 was outstanding in respect of March 2015 contributions.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2012 Valuation Assumptions	% p.a.
Investment return pre retirement	5.3
Investment return post retirement - Non-pensioners	3.4
Investment return post retirement - Pensioners	3.4
Rate of salary increases	4.1
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.0
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
Rate of price inflation	2.6

Viewpoint Housing Association Limited
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17. Pension Obligations (continued)

Mortality Tables	
Non-pensioners	44% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females.
Pensioners	90% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females

• **Growth Plan**

Viewpoint Housing Association participates in The Pensions Trust's Growth Plan (the Plan). There is one active member at the year end, and the scheme is closed to new members. The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them. Viewpoint Housing Association has paid past service deficit contributions of £7,033 during the accounting period.

Viewpoint Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2015

17. Pension Obligations (continued)

Buy Out Debt

Following a change in legislation in September 2005 there is a potential debt on an employer participating in the SHAPs Defined Benefit Scheme or the Growth Plan that could be levied by the Trustees of the Scheme. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total liabilities, investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis).

Both the SHAPs and the Growth Plan is a 'last man standing' multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit. (See note 22)

18. Operating Lease Commitments

At 31 March 2015 Viewpoint was committed to make the following payments during the next year in respect of operating leases:

	2015 £	2014 £
Leases which expire:		
Within one year	-	9,394
Within two to five years	<u>2,324</u>	<u>2,324</u>
	<u>2,324</u>	<u>11,718</u>

19. Taxation

There was no charge to corporation tax in 2014 or in 2015. Viewpoint has charitable status and is eligible for exemptions from corporation taxation under the provisions of Section 505 of the Income and Corporation Taxes Act 1988.

20. Capital Commitments

	2015	2014
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>338,000</u>	<u>62,493</u>
Capital expenditure authorised but not contracted for	<u>-</u>	<u>1,081,000</u>

Viewpoint has necessary arrangements in place to fund these capital commitments.

Viewpoint Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2015

21. Notes to the Cash Flow Statement

a. Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	2015	2014
	£	£
Operating surplus on ordinary activities	2,081,879	1,921,746
Depreciation of housing and care properties	1,041,482	1,028,396
Depreciation – other	264,707	252,545
(Increase)/Decrease in debtors	(28,456)	113,394
Increase/(Decrease) in creditors	292,176	(183,678)
Share Capital Cancelled	(22)	(54)
Net cash inflow from operating activities	<u>3,651,766</u>	<u>3,132,349</u>

b. Reconciliation of Net Cash Flow to Movement in Net Debt

	2015	2014
	£	£
(Decrease) / Increase in cash for the year	(3,451,660)	3,227,094
Cash flow from Liquid Resources	4,500,000	(1,000,000)
Cash outflow from decrease in debt	949,421	710,012
Cash inflow from increase in debt	(693,442)	(118,391)
Change in net debt resulting from cash flows	<u>1,304,319</u>	<u>2,818,715</u>
Loan Stock Debtor	(71,423)	-
Net Debt as at 1 April 2014	<u>(465,250)</u>	<u>(3,283,965)</u>
Net Debt as at 31 March 2015	<u>767,646</u>	<u>(465,250)</u>

Viewpoint Housing Association Limited
Notes to the Financial Statements
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21. Notes to the Cash Flow Statement (continued)

c. Analysis of Changes in net debt

	at 1 April 2014 £	Cash flow £	Other Changes £	At 31 March 2015 £
Net Cash				
Cash at bank and in hand (exc Liquid Resources)	9,184,995	(3,522,989)	-	5,662,006
Bank Overdrafts	(90,539)	71,329	-	(19,210)
	<u>9,094,456</u>	<u>(3,451,660)</u>	<u>-</u>	<u>5,642,796</u>
Liquid Resources	-	4,500,000	-	4,500,000
Debt				
Debt due within one year	(520,918)	520,918	(533,535)	(533,535)
Debt due after one year	(9,038,788)	(264,939)	462,112	(8,841,615)
	<u>(465,250)</u>	<u>1,304,319</u>	<u>(71,423)</u>	<u>767,646</u>

22. Contingent Liabilities

The Scottish Housing Association's Pension Scheme

Viewpoint Housing Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2014. As of this date the estimated employer debt for Viewpoint Housing Association was £11,958,370 (2014: £9,457,854)

Growth Plan

Viewpoint Housing Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2013. As of this date the estimated employer debt for Viewpoint Housing Association was £90.5k, excluding Series 3 Liabilities, and £98k including Series 3 Liabilities.

	2015	2014
23. Housing Stock		
	No	No
General needs	275	275
Supported	1,100	1,100
Total units	<u>1,375</u>	<u>1,375</u>
	2015	2014
	No	No
Housing accommodation managed on behalf of other bodies	<u>62</u>	<u>62</u>
Accommodation managed by other bodies:		
The Action Group	6	6
Garvald Glenesk Limited	1	1
Community Integrated Care	7	7
Carr-Gomm Scotland	<u>8</u>	<u>8</u>

24. Operating Surplus on Ordinary Activities

	2015	2014
Operating Surplus on ordinary activities was arrived at after charging:		
	£	£
External Auditor fees	<u>17,719</u>	<u>17,390</u>

Viewpoint Housing Association Limited
Notes to the Financial Statements
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25. Related Party Disclosure

Tenant members of the Board

During the year, two tenants of Viewpoint, namely Ms Jean Simpson and Mr Robin Barnes, were also members of the Board of Trustees. Transactions with Viewpoint are undertaken on standard terms, as applicable to all tenants.

Viewpoint Scotland Ltd

Viewpoint Housing Association provides funding assistance, management and development services to Viewpoint Scotland Ltd, its wholly owned subsidiary, in relation to the development of capital projects in which the two organisations hold complementary interests. Viewpoint Scotland Ltd also provides Viewpoint Housing Association with advisory services in connection with the same projects.

During the year, Viewpoint Housing Association received £3,849 (2014: £2,868) in management fees from Viewpoint Scotland Ltd. During the year Viewpoint Housing Association Limited charged interest of £13,855 (2014: £14,561) on a loan to Viewpoint Scotland Ltd. At 31 March 2015 the balance outstanding on this loan was £226,507 (31 March 2014: £235,331). At the period end the total amount due from this company was £419,940 (2014: £357,259) (Note 12). Interest of £673 (2014: £650) on the inter-company current account balance of £193,431 was charged to Viewpoint Scotland Ltd at a rate comparable with that which is received on the Association's bank deposits.

Viewpoint Housing Association received £764,865 of Loan Stock advances from Viewpoint Scotland Ltd during the year.

The following members of the Viewpoint Housing Association's Board who served during the year are also directors of Viewpoint Scotland Ltd.

Mr R Stewart
Mr R Rae

Viewpoint Trust

Viewpoint Trust was established in 1987 to raise and allocate funds to provide housing and any associated amenities for the aged and infirm who, in the opinion of the Trustees, would derive benefit there from. There are no staff employed by the Trust and financial and secretarial services are provided by Viewpoint Housing Association.

During the year, grants of £66,813 (2014: £53,217) were received from the Trust. £13,494 (2014: £14,610) was received for the benefit of residents of the Association's Care Homes, and £53,319 was used to subsidise Craft Café costs. Management fees of £4,660 (2014: £4,660) were paid by the Trust to Viewpoint Housing Association. At the period end the amount due from the Viewpoint Trust was £7,619 (2014: £2,793).

