



Scott-Moncrieff
business advisers and accountants

YORKHILL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

**Registered with the Financial Conduct Authority -
Co-operative and Community Benefit Societies Act 2014 No. 02302R**

Registered Housing Association - Housing (Scotland) Act 2010 Registered number HCB 209

Registered Scottish Charity Number SC040346

YORKHILL HOUSING ASSOCIATION LIMITED

Financial Statements For the year ended 31 March 2016

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YORKHILL HOUSING ASSOCIATION LIMITED

Management Committee, Executives and Professional Advisors

Management committee

H Fitzgerald	Chairperson (until 3 September 2015) Vice Chair (from 3 September 2015)
Dr M Guy	Chairperson (from 3 September 2015) Vice Chair (until 3 September 2015)
J Gordon	Secretary
C Armstrong	Treasurer
Dr M Green	
P Braat	
B Docherty	
G Mattu	Appointed 3 September 2015
N Hepburn	Appointed 3 September 2015
K White	Appointed 3 September 2015
R Winning	Appointed 3 September 2015
N McPherson	Appointed 28 May 2015
P Marsden	Appointed 28 May 2015
S Chaudhry	Resigned 3 September 2015
T Dunne	Resigned 16 March 2016

Executive officers

Marion Menabney	Chief Executive
Margaret Gillespie	Finance Manager
Thomas McGuigan	Housing Services Manager
Pauline Hollinsworth	Property Services Manager
Stewart Pattison	Maintenance Manager

Registered Office

1271 Argyle Street
Glasgow
G3 8TH

Auditor

Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL

Solicitors

Brechin Tindal Oatts
48 St. Vincent Street
Glasgow
G2 5HS

TC Young & Son
7 West George Street
Glasgow
G2 1BA

Bankers

Bank of Scotland
258/262 Dumbarton Road
Glasgow
G11 6TU

YORKHILL HOUSING ASSOCIATION LIMITED

Report of the Management Committee (incorporating the Strategic Report) For the year ended 31 March 2016

The Management Committee presents their report (incorporating the Strategic Report) and the financial statements for the year ended 31 March 2016.

Principal Activities

The principal activities of the Association include:

- Provision and management of rented accommodation (464); and
- Management of properties on behalf of other owners.

Review of business and future prospects

The results for the year are set out in the Statement of Comprehensive Income on page 10. The surplus has been added to reserves brought forward.

Future Plans

The Association carries out an annual review each year to look to the future of the organisation and to prepare a 1–3 year future plan. The senior management team then progress the plan and the Finance Manager prepares budgets and cash flows to ensure the financial viability and stability of the plan.

The current plan for the next 3 years has set the following objectives:

- Continuation of our Asset Management strategy in order to achieve the 2020 EESH standard;
- To address the succession planning for both the committee and senior management team;
- To provide a range of opportunities for effective residents involvement including satisfaction surveys via mail, telephone and personal contact as well as expanding communication using technology such as our website and social media;
- To achieve value for money and efficiencies in all activities, including major repairs required in listed buildings;
- To develop and implement high quality performance management and risk management processes;
- To continue with the development and implementation of the Common Housing Register;
- To review the effectiveness of Housing Options;
- To continue the Right to Buy process until final date of 31 July 2016;
- To continue to review policies and procedures during the year, including Procurement Strategy and Treasury Management;
- Ensuring robust budget and cash flow monitoring for the assurance of the long term viability of the Association; and
- Completion of an options appraisal on the alternative structures in relation to factoring services.

Risk and uncertainties

The Social Housing Sector faces significant challenges due to the changes arising from Welfare Reform and other political changes currently affecting the country. In order to minimise these risks for the Association, it will remain a priority of the Association to maintain a strong and robust financial position.

Financial and non-financial key performance indicators

The Association's current strategic plan covering a 5 year period contains the following 6 organisational objectives:

- To be genuinely controlled by local residents and accountable to the community;
- To provide good quality rented accommodation to those in greatest housing need;
- To provide a responsive effective property management service to tenants and owners;

YORKHILL HOUSING ASSOCIATION LIMITED

Report of the Management Committee (incorporating the Strategic Report) For the year ended 31 March 2016

Financial and non-financial key performance indicators (cont'd)

- To maintain the organisation's long term viability and financial effectiveness;
- To ensure that all customers of the organisation are given the same high quality of service and that no sector of the community suffers from adverse discrimination; and
- To ensure that all customers of the organisation are consulted on projects, advised regularly on performance and continually asked how satisfied they are with service provided.

To date the Association has been successful in achieving its strategic objectives and has achieved the following:

- Investigate and pursue new factoring opportunities the result of which increased factoring units by more than 10%;
- Investigate funding to assist owners with major repairs. This was achieved and major repairs were carried out which included stoneworks, roof repairs and insulation resulting in warmer, safer and well maintained homes;
- To pursue every avenue available to ensure the highest possible return in satisfaction surveys over all areas of the organisation. The returns received were higher than previous years and the Association received a high number of very satisfied results in all sections of the organisation;
- Budgets short term (annual) and longer term (5 year) are prepared annually with a review of the annual budget being done after 6 months. Quarterly management reports are issued to Management Committee. This is done to ensure the Association can meet its financial commitments and maintenance plans for the future. To date the Association has carried out all repairs from its reserves;
- Steps were taken to increase the number of Management Committee members resulting in an additional 6 members, increasing the number of Committee members to 13, and
- A programme of training for both staff and Management Committee members was developed in the year as a result of the Associations first Committee Appraisal process.

Governance

Governing Document

The Association as a social landlord is registered with the Scottish Housing Regulator, OSCR and the Financial Conduct Authority.

Recruitment and Appointment of the Management Committee

One third of the Management Committee retire by rotation annually at the Annual General Meeting. They can then be nominated for re-election.

The Management Committee ensures all stakeholder requirements are addressed by having a diverse Board and Committee structure. The Association seeks to have a pool of members with a wide range of skills. However, the Association's training policy and annual appraisal systems assist in ensuring the Members receive the required training to enable them to keep up to date with all legal and internal policies, procedures and requirements of stakeholders.

The Association endeavours to have a diverse range of Management Committee members who can bring their own skills to the Committee. This is achieved by direct contact with residents within the Yorkhill area as well as by networking and identifying members who could bring their own skills and experience to the Association's Management Committee.

Management Committee Members and Training

Newly elected Management Committee members receive an induction programme consisting of governance issues, finance policy and financial statements, introduction to the Housing Association framework, asset management and regulation and monitoring.

YORKHILL HOUSING ASSOCIATION LIMITED

Report of the Management Committee (incorporating the Strategic Report) For the year ended 31 March 2016

Organisational Structure

The Management Committee consists of 13 board member and 2 vacancies currently exist. The Management Committee meet 10 times per year. There is also an audit sub-committee and a governance and HR sub-committee, who meet quarterly and report directly to the Management Committee.

Delegated authority is in place and day to day responsibility for the provision of services rests with the Chief Executive. The Chief Executive is responsible for ensuring that the Association delivers the services specified and that key performance indicators are met.

Management committee and executive officers

The management committee and executive officers of the Association are listed on page 1.

Each member of the management committee holds one fully paid share of £1 in the Association. The executive officers of the Association hold no interest in the Association's share capital and although not having the legal status of directors they act as executives within the authority delegated by the committee.

Statement of management committee's responsibilities

Housing Association legislation requires the Management Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income or expenditure of the Association for the year ended on that date. In preparing these financial statements, the Management Committee 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 the Association will continue in business.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Related party transactions

Some members of the Management Committee are tenants or owner occupiers, however, the policies, procedures and agreements in place do not allow them to use their position on the committee to their personal advantage.

Related party transactions are documented at note 24.

Internal financial control

The Committee is responsible for the Association's system of internal financial control, and has reviewed its effectiveness from information provided by management staff.

Any system can only provide reasonable and not absolute assurance against material mis-statement or loss.

The financial control system within the Association is fundamentally simple and appropriate to the size and complexity of the organisation. It includes a combination of regular review of financial results compared with an agreed budget and authorisation of all expenditure by senior staff and Committee.

YORKHILL HOUSING ASSOCIATION LIMITED

Report of the Management Committee (incorporating the Strategic Report) For the year ended 31 March 2016

Disclosure of information to the auditor

To the knowledge and belief of each of the persons who are members of the Management Committee at the time the report is approved:

- So far as the Committee members are aware, there is no relevant information of which the Association's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant information, and to establish that the Association's auditor is aware of the information.

Auditor

A resolution to re-appoint Scott-Moncrieff, Chartered Accountants as auditor will be put to the members at the Annual General Meeting.

The Report of the Management Committee (incorporating the Strategic Report) has been approved by the Management Committee and signed on its behalf by:



**J Gordon
Secretary**

Date: 11 August 2016

YORKHILL HOUSING ASSOCIATION LIMITED

Management Committee's Statement on Internal Financial Controls For the year ended 31 March 2016

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the various business environments in which it operates.

These controls are designed to give reasonable assurance with respect to:

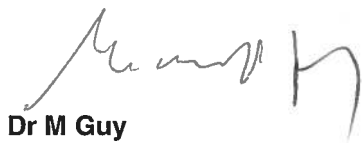
- the reliability of financial information for use within the Association;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial 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 the Association's assets;
- Experienced and suitably qualified staff take responsibility for important business functions, and annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared regularly, which allow the Management Committee and staff to monitor the key business risks and progress towards financial plans set for the year and medium term; regular management accounts are prepared timeously, providing relevant, reliable and up to date financial and other information and significant variances from budget are investigated where appropriate;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures;
- The Management Committee reviews reports from the Chief Executive, staff and the external and internal auditor to provide reasonable assurance that control procedures are in place and are being followed; and
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Management Committee has confirmed the existence of the system of internal financial control in the Association for the year ended 31 March 2016.

By order of the Management Committee



Dr M Guy
Chairperson
Date: 11 August 2016

YORKHILL HOUSING ASSOCIATION LIMITED

Report of the auditor to the Management Committee on Corporate Governance Matters For the year ended 31 March 2016

In addition to our audit of the Financial Statements, we have reviewed your statement on page 6 concerning the Association'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 on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association'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 6 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 our enquiry of certain members of the Management Committee and officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association'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.



Scott-Moncrieff
Statutory Auditor
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL
Dated: 11 August 2016

YORKHILL HOUSING ASSOCIATION LIMITED

Independent Auditor's Report to the Members of Yorkhill Housing Association Limited For the year ended 31 March 2016

We have audited the financial statements of Yorkhill Housing Association Limited for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied is applicable law, FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)' and the Statement of Recommended Practice for Social Housing Providers in 2014.

This report is made solely to the Association's members as a body, in accordance with the Co-operative & Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Management Committee and the Auditor

As explained more fully in the Management Committee Responsibilities statement set out on page 4, the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended for Social Housing Providers issued in 2014; and
- have been prepared in accordance with the requirements of the Co-operative & Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator.

YORKHILL HOUSING ASSOCIATION LIMITED

**Independent Auditor's Report to the Members of Yorkhill Housing Association Limited
(continued)**

For the year ended 31 March 2016

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 & 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 Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Scott-Moncrieff

Scott-Moncrieff
Chartered Accountants
Statutory Auditor
25 Bothwell Street
Glasgow
G2 6NL
Date: 11 August 2016

YORKHILL HOUSING ASSOCIATION LIMITED

Statement of Comprehensive Income For the year ended 31 March 2016

	Notes	2016 £	Restated 2015 £
Turnover	4	2,060,429	2,007,787
Operating expenditure	4	(1,838,914)	(1,803,727)
Operating surplus	4	221,515	204,060
Gain on disposal of property, plant and equipment		22,695	72,586
Interest receivable	10	11,781	11,692
Interest payable and financing costs	11	(104,326)	(117,833)
Surplus for the year before taxation		151,665	170,505
Taxation	12	-	-
Surplus for the year		151,665	170,505
Other comprehensive income		-	-
Total comprehensive income for the year		151,665	170,505

The results for the year relate wholly to continuing activities.

The notes on pages 14 to 32 form part of these financial statements.

YORKHILL HOUSING ASSOCIATION LIMITED

Statement of Changes in Capital and Reserves As at 31 March 2016

	Share Capital £	Revenue Reserves £	Total Reserves £
Balance at 1 April 2015 (restated)	136	1,817,653	1,817,789
Total comprehensive income for the year	-	151,665	151,665
Issue of share capital	6	-	6
Cancellation of share capital	(9)	-	(9)
Balance at 31 March 2016	133	1,969,318	1,969,451

Statement of Changes in Capital and Reserves As at 31 March 2015

	Share Capital £	Revenue Reserves £	Total Reserves £
Balance at 1 April 2014 (restated)	132	1,647,148	1,647,280
Total comprehensive income for the year	-	170,505	170,505
Issue of share capital	4	-	4
Cancellation of share capital	-	-	-
Balance at 31 March 2015 (restated)	136	1,817,653	1,817,789

The notes on pages 14 to 32 form part of these financial statements.

YORKHILL HOUSING ASSOCIATION LIMITED

Statement of Financial Position As at 31 March 2016

	Notes	2016 £	Restated 2015 £
Tangible fixed assets			
Housing properties	14	8,568,801	8,768,842
Other Fixed Assets	14	452,478	456,298
		<u>9,021,279</u>	<u>9,225,140</u>
Current assets			
Debtors	15	156,606	191,645
Cash at bank and in hand	16	2,013,106	2,039,411
		<u>2,169,712</u>	<u>2,231,056</u>
Creditors			
Amounts falling due within one year	17	(976,465)	(976,563)
Net current assets		<u>1,193,247</u>	<u>1,254,493</u>
Total assets less current liabilities		<u>10,214,526</u>	<u>10,479,633</u>
Creditors			
Amounts falling due after more than one year	18	(8,245,075)	(8,661,844)
Net assets		<u>1,969,451</u>	<u>1,817,789</u>
Capital and reserves			
Called up share capital	21	133	136
Revenue reserves		<u>1,969,318</u>	<u>1,817,653</u>
		<u>1,969,451</u>	<u>1,817,789</u>

The financial statements were authorised for issue by the Management Committee on 11 August 2016 and signed on its behalf by:


Dr M. Guy
Chairperson


J Gordon
Company Secretary


C Armstrong
Treasurer

The notes on pages 14 to 32 form part of these financial statements.

YORKHILL HOUSING ASSOCIATION LIMITED

Statement of Cash Flows For the year ended 31 March 2016

	<i>Notes</i>	2016 £	Restated 2015 £
Net cash generated from operating activities	22	184,261	398,089
Cash flow from investing activities			
Purchase of housing properties		(258,037)	(293,507)
Purchase of other fixed assets		(14,710)	(7,712)
Proceeds from sale of tangible fixed assets		34,413	101,874
Government capital grants received		13,837	6,755
Interest received		(11,781)	(11,692)
		<u>(236,278)</u>	<u>(204,282)</u>
Cash flow from financing activities			
Interest paid		82,326	84,833
Repayment of borrowings		(56,620)	(54,371)
Issue of share capital		6	4
		<u>25,712</u>	<u>30,466</u>
Net change in cash and cash equivalents		<u>(26,305)</u>	<u>224,273</u>
Cash and cash equivalents at 1 April		<u>2,039,411</u>	<u>1,815,138</u>
Cash and cash equivalents at 31 March		<u>2,013,106</u>	<u>2,039,411</u>

The notes on pages 14 to 32 form part of these financial statements.

YORKHILL HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

1. General information

These financial statements are prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers in 2014.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities. The Association is a registered social landlord in Scotland and its registered number is HCB 209.

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the Association's transactions are denominated. They comprise the financial statements of the Association drawn up for the year ended 31 March 2016. These financial statements comprise the results of the Association only.

The Association's Scottish Charity number is SC040346. The address of the Association's registered office is: 1271 Argyle Street, Glasgow, G3 8TH

2. Accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards. The effect of events relating to the year ended 31 March 2016, which occurred before the date of approval of the financial statements by the Management Committee have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2016 and of the results for the year ended on that date.

This is the first year the accounts have been prepared under FRS 102, details of the impact of the transition are disclosed in note 25. The Association's date of transition was 1 April 2014.

Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

Going Concern

The Management Committee anticipate that a small deficit will be generated in the year to 31 March 2017, however surpluses are expected to be generated from the year to 31 March 2018. The Association has a healthy cash balance and net current asset position and thus the Management Committee are satisfied that there are sufficient resources in place to continue operations in the foreseeable future. Thus the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from Glasgow City Council and from the Scottish Government.

Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the income and expenditure account on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

Notes to the Financial Statements
For the year ended 31 March 2016

2. Accounting policies (cont'd)

Interest Receivable

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Interest Payable

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Government Capital Grants

Government Capital Grants, at amounts approved by The Scottish Government or local authorities, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Government Revenue Grants

Government revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Fixed assets - Housing properties

Housing properties are stated at cost less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings
2. Development expenditure including administration costs

These costs are either termed "qualifying costs" by The Scottish Government for approved social housing grant schemes and are considered for mortgage loans by the relevant lending authorities or 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 accounts for the year, provided that the dates of issue or valuation are prior to the year-end.

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

YORKHILL HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

2. Accounting policies (cont'd)

Depreciation

1. Housing properties

Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected useful economic life. The following major components and useful lives have been identified by the Association:

Land	- not depreciated
Kitchens	- over 15 years
Bathrooms	- over 15 years
Structure	- over 50 years
Boilers	- over 12 years
Central heating	- over 24 years
Gutters	- over 20 years
Windows	- over 20 years
Tiles	- over 40 years
Lifts	- over 15 years
Flashings	- over 30 years

2. Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used:

Furniture, Fittings & Equipment	- 20% straight line
Office Property	- over 50 years

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Rental arrears

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in note 15.

Creditors

Short term creditors 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.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

YORKHILL HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

2. Accounting policies (cont'd)

Financial instruments

The Association only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows 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 out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the Association has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Pensions (note 23)

The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

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

Thus the Scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability has been recognised in the Statement of Financial Position.

YORKHILL HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

3. Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Management Committee are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

Estimate	Basis of estimation
Useful lives of property and equipment	The useful lives of property and equipment are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.
The main components of housing properties and their useful lives	The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.
Recoverable amount of rental and other trade receivables	Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.
The obligations under the SHAPs pension scheme	This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

YORKHILL HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2016**

4. Particulars of turnover, operating expenditure and operating surplus

	Note	2016		Restated 2015	
		Turnover £	Operating Expenditure £	Operating Expenditure £	Operating Surplus £
Social lettings	5	1,975,447	(1,765,847)	(1,723,425)	203,951
Other activities	6	84,982	(73,067)	(80,302)	109
Total		2,060,429	(1,838,914)	(1,803,727)	204,060

YORKHILL HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements **For the year ended 31 March 2016**

5. Particulars of income and expenditure from social lettings

	General Needs Housing £	Commercial £	Supported Housing £	Shared Ownership £	Other £	2016 Total £	Restated 2015 Total £
Income from rent and service charges							
Rent receivable net of service charges	1,436,667	10,300	148,614	-	-	1,595,581	1,550,518
Service charges	20,441	-	57,147	-	-	77,588	77,630
Gross income from rents and service charges	1,457,108	10,300	205,761	-	-	1,673,169	1,628,148
Less: Voids	(3,908)		(744)	-	-	(4,652)	(2,045)
Net income from rents and service charges	1,453,200	10,300	205,017	-	-	1,668,517	1,626,103
Release of deferred government grant	271,197	-	34,349	-	-	305,546	299,578
Grants from the Scottish Ministers	1,384	-	-	-	-	1,384	1,149
Other income	-	-	-	-	-	-	546
Total turnover from social letting activities	1,725,781	10,300	239,366	-	-	1,975,447	1,927,376
Expenditure							
Management and Maintenance administration costs	710,938	-	38,912	-	-	749,850	820,521
Service Charges	44,391	-	60,020	-	-	104,411	78,610
Planned cyclical maintenance including major repairs	277,099	-	29,943	-	-	307,042	146,358
Reactive maintenance costs	126,061	-	26,691	-	-	152,752	227,068
Bad debts - rents and service charges	7,216	-	(430)	-	-	6,786	20,750
Depreciation of social housing	445,006	-	-	-	-	445,006	430,118
Operating costs for social letting activities	1,610,711	-	155,136	-	-	1,765,847	1,723,425
Operating surplus							
On social letting activities, 2016	115,070	10,300	84,230	-	-	209,600	-
On social letting activities, 2015 (restated)	103,498	10,219	90,234	-	-	-	203,951

Included in depreciation of social housing is £13,071 (2015: £13,973) relating to the loss on disposal of components.

YORKHILL HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2016**

6. Particulars of turnover, operating expenditure and operating surplus from other activities

	Grants from Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total 2016 Total £	Restated Turnover 2015 Total £	Operating Expenditure Bad Debts £	Other Operating Expenditure £	2016 Total £	Restated 2015 Total £
Wider role activities	-	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	59,453	59,453	46,376	-	70,596	(11,143)	(30,218)
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Support activities	-	-	16,419	-	16,419	27,483	-	-	16,419	26,807
Care activities	-	-	-	-	-	-	-	676	(676)	-
Agency/management services for RSL's	-	-	-	-	-	-	-	-	-	-
Other Agency/management services	-	-	-	-	-	-	-	-	-	-
Development for sale to RSL's	-	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSL's	-	-	-	-	-	-	-	-	-	-
Commercial Properties	-	-	-	-	-	-	-	-	-	-
Disabled Adaptations	-	-	-	-	-	-	-	-	-	-
Other Income	-	-	-	9,110	9,110	6,552	-	1,795	7,315	3,520
Total from other activities, 2016	-	-	16,419	68,563	84,982	-	-	73,067	11,915	-
Total from other activities, 2015 (restated)	-	-	27,483	52,928	-	80,411	-	80,302	-	109

YORKHILL HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

7. Operating surplus

	2016 £	Restated 2015 £
Surplus on ordinary activities before taxation is stated after charging:-		
Depreciation	463,537	443,532
Auditor's remuneration		
- in their capacity as auditor	10,700	10,400
- other services	2,000	-
	<u> </u>	<u> </u>

8. Directors' emoluments

The Directors are defined as the members of the Management Committee, the Chief Executive and any other person reporting directly to the Chief Executive or the Management Committee whose total emoluments exceed £60,000 per year. One Director's total emoluments exceeded £60,000 per year. The Association considers key management personnel to be the Management Committee and the senior management team (listed on page 1) of the Association only. No emoluments are paid to any member of the Management Committee during the year.

	2016 £	2015 £
Aggregate emoluments payable to executive officers (excluding pension contributions and benefits in kind)	239,569	231,402
Emoluments payable to highest paid director (excluding pension contributions)	62,405	60,671

Total pension contributions to key management personnel were £21,023 (2015: £19,494). No enhanced or special terms apply to membership and the directors have no other pension arrangements to which the Association contributes.

The Chief Executive is an ordinary member of the Association's pension scheme described in note 23. The Association's contributions for the Chief Executive in the year amounted to £7,216 (2015: £7,104).

The emoluments (excluding pension contributions) of the directors were in the following range:

	No 1	No 1
£60,000 - £70,000	<u> </u>	<u> </u>
	£	£
Total expenses reimbursed to Management Committee insofar as not chargeable to UK income tax	<u>1,671</u>	<u>1,480</u>

9. Employee information

	2016 £	Restated 2015 £
Wages and Salaries	506,674	485,485
Social Security Costs	37,375	39,551
Pension Contributions	33,175	36,482
Pension costs – Past service deficit measurement	2,483	3,080
	<u>579,707</u>	<u>564,598</u>

YORKHILL HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

9. Employee information (continued)

The SHAPS past service deficit liability is subject to re-measurement each financial year.

	2016 £	Restated 2015 £
Re-measurement impact of any change in assumptions	(4,000)	72,000

During the year past service deficit contributions of £82,483 (2015: £80,080) were paid. Of this payment £80,000 (2015: £77,000) was a payment in respect of the SHAPS past service deficit liability. The remainder of £2,483 (2015: £3,080) was pension management costs which have been included in the pension contributions total included in staff costs above.

The unwinding of the discount has been charged to finance costs in the Statement of Comprehensive Income. The finance cost was £22,000 (2015: £33,000) in the year.

	Number	Number
The average number of full time equivalent employees during the year was:		
Maintenance and Administration Staff	15	15

10. Interest receivable

	2016 £	Restated 2015 £
Interest receivable on deposits	11,781	11,692

11. Interest payable and financing costs

	2016 £	Restated 2015 £
On private loans	82,326	84,833
Unwinding of discount factor - Past Service Pension (note 23)	22,000	33,000
	104,326	117,833

12. Taxation

The Association is a registered charity and as a result no corporation tax is due on any surplus generated from charitable activities. No corporation tax is due on its non-charitable activities.

13. Housing Stock

	Number	Number
The number of units of accommodation in management at the year end was:-		
General Needs Housing	425	427
Supported Housing	39	39
	464	466

YORKHILL HOUSING ASSOCIATION LIMITED

**Notes to the Financial Statements
For the year ended 31 March 2016**

14. TANGIBLE FIXED ASSETS

	Housing Properties Held For General Letting £	Housing Properties Held for Supported Letting £	Office Properties £	Furniture Fittings & Equipment £	Total £
Cost:					
At 1 April 2015 as restated	14,885,617	1,558,728	546,006	78,529	17,068,880
Additions during year	136,192	121,845	-	14,710	272,747
Disposals during year	(134,159)	(501)	-	(48,094)	(182,754)
As at 31 March 2016	14,887,650	1,680,072	546,006	45,145	17,158,873
Depreciation:					
At 1 April 2015 as restated	7,006,525	668,978	104,712	63,525	7,843,740
Provided during the year	392,385	52,622	9,501	9,029	463,537
Disposals during the year	(121,322)	(267)	-	(48,094)	(169,683)
As at 31 March 2016	7,277,588	721,333	114,213	24,460	8,137,594
Net book value:					
As at 31 March 2016	7,610,062	958,739	431,793	20,685	9,021,279
As at 31 March 2015 as restated	7,879,092	889,750	441,294	15,004	9,225,140

There were no property disposals in the current year (2015: none).

Additions to housing properties during the year includes £nil capitalised interest (2015: £nil) and £nil capitalised administration costs (2015: £nil). All housing properties are freehold.

The depreciation charge for the year for housing stock was £445,007 (2015: £430,118). The net book value of disposed components was £13,071 (2015: £13,973) and has been included in depreciation of social housing in note 5 in accordance with the SORP.

YORKHILL HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

15. Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Arrears of Rent and Service Charges	91,741	110,795
Less: Provision for doubtful debts	(60,478)	(60,478)
	<u>31,263</u>	<u>50,317</u>
Prepayments	99,910	108,927
Other debtors	25,433	32,401
	<u>156,606</u>	<u>191,645</u>

16. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	112,487	127,103
Balances held on deposit	1,900,619	1,912,308
	<u>2,013,106</u>	<u>2,039,411</u>

17. Creditors: Amounts falling due within one year

	2016 £	Restated 2015 £
Housing Loans	54,370	54,370
Trade Creditors	125,033	92,607
Other taxation and social security	7,809	49
Other Creditors	292,210	251,326
Accruals	35,066	127,290
Rent paid in advance	56,669	56,567
Deferred capital grants	305,546	299,578
SHAPs pension	95,035	89,163
Pension creditor	4,727	5,613
	<u>976,465</u>	<u>976,563</u>

18. Creditors: Amounts falling due after more than one year

	2016 £	Restated 2015 £
Deferred capital grants	6,280,320	6,579,618
SHAPS Pension	415,403	476,253
Housing Loans	1,549,353	1,605,973
	<u>8,245,076</u>	<u>8,661,844</u>

YORKHILL HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

18. Creditors: Amounts falling due after more than one year (continued)

Housing Loans are secured by specific charges on the Association's properties and are repayable at varying rates of interest in instalments, due as follows:-

	2016 £	Restated 2015 £
Between one and two years	443,248	441,205
Between two and five years	1,333,232	1,331,484
After five years	6,468,595	6,889,155
	<u>8,245,075</u>	<u>8,661,844</u>

19. Deferred capital grants

	2016 £	Restated 2015 £
Deferred capital grants 1 April	6,879,196	7,181,287
Grants received in year	13,838	6,755
Released to income in the year on disposal	(1,623)	(9,268)
Released to income in year	(305,546)	(299,578)
	<u>6,585,865</u>	<u>6,879,196</u>
Deferred capital grants at 31 March		

20. Financial instruments

	2016 £	2015 £
Financial Assets		
Financial assets measured at amortised cost	<u>56,696</u>	<u>82,718</u>
Financial Liabilities		
Financial liabilities measured at amortised cost	<u>2,571,197</u>	<u>2,702,595</u>

Financial assets measured at amortised cost comprised rental arrears and other debtors.

Financial liabilities measured at amortised cost comprised housing loans, trade creditors, other creditors, accruals, pension creditor and the SHAPS deficit repayment plan.

21. Share capital

	£	£
At 1 April 2015	136	132
Shares of £1 each fully paid and issued in the year	6	4
Shares forfeited in the year	(9)	-
	<u>133</u>	<u>136</u>
At 31 March 2016		

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.

YORKHILL HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

22. Net cash flow from operating activities

	2016 £	Restated 2015 £
Surplus for the year	151,665	170,505
<u>Adjustments for non cash items:</u>		
Carrying amount of tangible fixed asset disposals	13,071	24,187
Depreciation of tangible fixed assets	463,537	443,532
Decrease/ (increase) in debtors	35,039	(1,481)
(Decrease)/ increase in post employment benefits	(48,298)	28,000
(Decrease)/ increase in creditors	(18,618)	217,207
<u>Adjustments for investing and financing activities:</u>		
Proceeds from sale of tangible fixed assets	(34,413)	(101,874)
Interest payable	(82,326)	(84,833)
Interest received	11,781	11,692
Release of deferred Government capital grants	(307,168)	(308,846)
Forfeited share capital	(9)	-
	<u>184,261</u>	<u>398,089</u>

23. Pension obligations

Yorkhill Housing Association Limited participates in the Scottish Housing Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. 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

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.

Yorkhill Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate for staff employed prior to 1 April 2011. All staff employed from 1 April 2011 will be eligible to join the CARE 1/120th scheme including staff auto-enrolled from staging date of 1st August 2016.

The Trustee commission 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.

**Notes to the Financial Statements
For the year ended 31 March 2016**

23. Pension obligations (continued)

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Yorkhill Housing Association Limited paid contributions at the rate of 12.3% of pensionable salaries for staff on Final Salary Scheme and 5.7% for staff on CARE 1/120th scheme. Member contributions were 12.3% and 5.7% respectively. There was an additional annual employer past service deficit contribution of £79,743 (net of administration costs) made in the year ended 31 March 2016 (2015: £77,420). The past service deficit contribution for 2016/17 is £82,135 (net of administration costs)

As at the statement of financial position date there were 8 (2015: 8) active members of the Final Salary Scheme and 3 (2015: 3) active members of Care 1/120th scheme. The annual pensionable payroll in respect of these members was £340,724. Yorkhill Housing Association Limited continues to offer membership of the Scheme to its employees.

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

Thus the scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability has been recognised in the Statement of Financial Position.

2012 Valuation

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 to liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The key valuation assumptions used to determine the assets and liabilities of the Scheme as at 30 September 2012 are detailed below:

Financial Assumptions

The key financial assumptions underlying the valuation as at 30 September 2012 were as follows:

	% 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 price inflation:	
- RPI	2.6
- CPI	2.0

The valuation was carried out using the SAPS (S1PA). All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

YORKHILL HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

23. Pension obligations (continued)

2015 provisional valuation

As highlighted at the 2015 Employer Forums, the triennial valuation has been undertaken against a challenging economic backdrop for defined benefit (DB) schemes like SHAPS. That said, the deficit has reduced from £304m as at 30 September 2012 to £198m as at 30 September 2015; an improvement in the funding position from 56% to 76%.

A summary of the headline provisional valuation results is set out in the table below:

Valuation	2012	2015
Assets (£ million)	394	612
(Liabilities) (£ million)	(698)	(810)
(Deficit) (£ million)	(304)	(198)
Funding level	56%	76%

Aggregate annual deficit contributions for the year from 1 April 2017 (£ million)

	28.7 (26.3 on inception from 1 April 2014)	28.7
Annual increases to deficit contributions	3%	3%
Proposed deficit contribution (recovery) plan) and date	30-Sep-27	28-Feb-22

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Trustees have recently supplied Yorkhill Housing Association Limited with an estimated updated contribution figure to the past service deficit. The past service deficit contribution for 2016/17 is £82,135. From 1 April 2017 Yorkhill Housing Association Limited will be required to pay £84,599 (net of administration costs) per annum as a contribution to the past service deficit. This will increase by 3% per year. The deficit is now expected to be removed from the Scheme by 28 February 2022 (previously 30 September 2027). The past service deficit liability recognised in the financial statements is based on the revised estimated contribution schedule provided to the Association on 3 March 2016 by the Pensions Trust.

Notes to the Financial Statements
For the year ended 31 March 2016

23. Pension obligations (continued)

Past service deficit repayment liability	2016 £	2015 £
Provision at start of period	558,736	530,736
Unwinding of the discount factor (interest expense)	22,000	33,000
Deficit contribution paid	(80,000)	(77,000)
Re-measurements – impact of changes in assumptions	(4,000)	72,000
Provision at end of period	496,736	558,736
Split: < 1 year	81,289	82,483
1-2 years	83,332	81,289
2-5 years	253,484	251,736
> 5 years	78,631	143,228
Total	496,736	558,736
Impact on Statement of Comprehensive Income	2016 £	2015 £
Interest expense	22,000	33,000
Re-measurements – impact of changes in assumptions	(4,000)	72,000
Assumptions		
Rate of discount	2.29%	2.22%

Past service deficit repayment liability

The discount rates shown above are the equivalent single discount rates, which when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate band yield curve to discount the same recovery plan contributions.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up. The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. 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 Scheme liabilities, Scheme 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.

**Notes to the Financial Statements
For the year ended 31 March 2016**

23. Pension obligations (continued)

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2015 is £2,545,868 (2015: £2,435,207).

24. Payments to members and key management personnel

Some members of the Board of Management are tenants of the Association. The tenancies of these Board Members are on normal terms and the members cannot use their position to their advantage.

The total rent and service charge payable in the year relating to tenant Board members is £27,839 (2015: £22,050). The prepaid rent relating to tenant Board members included within debtors at the year end is £1,130 (2015: £552). The total rental arrears relating to tenant Board members included within creditors at the year end is £69 (2015: £68).

The total remuneration (including pension contributions and benefits in kind) paid to Key Management who are deemed to be the Executive Officers as noted on page 1 was £260,592 (2015: £250,896).

25. Transition to FRS102

The Association has adopted Financial Reporting Standard 102 (FRS102) and the Housing SORP 2014: Statement of Recommended Practice for social housing providers (SORP 2014) for the year ended 31 March 2016. This has led to a number of changes in accounting policy, judgements and estimates and necessitates the prior year comparative amounts to be restated using these new policies in order that they give a comparable view of the prior year position.

The following changes to accounting policies and estimates have been applied:

In accordance with FRS102 the Association does not present an Income and Expenditure Account as was presented in the financial statements to 31 March 2015 as items that previously appeared in this statement are now included in the Statement of Comprehensive Income.

As prescribed by FRS102 the Association now prepares a Statement of Changes in Capital and Reserves whereas in the financial statements to 31 March 2015 capital and reserves were analysed as part of the notes to the financial statements.

As permitted by FRS102 the Association has renamed the Balance Sheet as the Statement of Financial Position.

Government capital grant is now 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.

All employee benefits not paid to the employee at the year end must be accrued. As such, the Association accrues a monetary value for all unused holidays at the year end based on the individual employee's salary.

Designated reserves are no longer shown separately in the financial statements and instead are combined with the revenue reserve.

The Association participated in the Scottish Housing Association Pension Scheme (SHAPS) defined benefit pension scheme and makes annual contributions towards the deficit in line with the fund plan. Under FRS102, the future contributions in respect of the deficit must now be shown as a liability on the balance sheet with the actual payment being released to the Statement of Comprehensive Income as it falls due.

YORKHILL HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

25. Transition to FRS102 (continued)

	£
Capital and reserves at 1 April 2014 per signed financial statements	2,402,098
Effects of:	
Recognition of amortisation of deferred capital grant	6,366,210
Restatement of depreciation charge on cost of housing properties	(6,584,904)
Recognition of holiday pay accrual	(5,388)
Recognition of SHAPS past service deficit pension liability	(530,736)
Restated Capital and Reserves at 1 April 2014	1,647,280
Capital and reserves as at 31 March 2015 per signed financial statements	2,570,981
Effects of:	
<u>Adjustments at 1 April 2014:</u>	
Recognition of amortisation of deferred capital grant	6,366,210
Restatement of depreciation charge on cost of housing properties	(6,584,904)
Recognition of holiday pay accrual	(5,388)
Recognition of SHAPS past service deficit pension liability	(530,736)
<u>In year adjustments (2014/15)</u>	
Recognition of amortisation of deferred capital grant	299,578
Restatement of depreciation charge on cost of housing properties	(269,744)
Recognition of holiday pay accrual	(208)
Recognition of SHAPS past service deficit pension liability	(28,000)
Restated capital and reserves as at 31 March 2015	1,817,789
Surplus per signed financial statements for the year ended 31 March 2015	91,201
Effects of:	
<u>In year adjustments:</u>	
Recognition of amortisation of deferred capital grant	299,578
Restatement of depreciation charge on cost of housing properties	(269,744)
Recognition of movement in holiday pay accrual	(208)
Recognition of movement in the SHAP's past service deficit liability	(28,000)
Reallocation of transfer in designated reserves from revenue reserve	77,678
Restated surplus for the year ended 31 March 2015	170,505