



ABERTAY HOUSING ASSOCIATION LIMITED

Report and Financial Statements

For the year ended 31 March 2016

Registration information

Registered Housing Association Number HAL 297

Registered Friendly Society Number 2517R (S)

Charity Number SC030152

ABERTAY HOUSING ASSOCIATION LIMITED

Report and Financial Statements

For the year ended 31 March 2016

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Members, Executives and Advisers

Committee of Management

Dorothy Taylor	Chairperson
Kathleen Mands	Vice Chairperson
Darren Keddie	
Ian Mathers	
Drew McKelvie	
Ron Neave	
Claire Ramsay	Resigned 25 January 2016
Helen Reeves	
Barbara Warden	
Billy Webster	Resigned 5 July 2016
Fred Whitnall	Resigned 13 October 2015
Duncan Wood	
Darren Walton	Appointed 24 February 2016

Executive Officers

Ian Thomson	Chief Executive and Company Secretary
Bob Sander	Operations Director
Marjorie Sloan	Corporate Services Director

Registered office

147 Fintry Drive
Dundee
DD4 9HE

Auditor

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

Solicitors

Thorntons WS
33 Yeaman Shore
Dundee
DD1 4BJ

Bankers

Royal Bank of Scotland plc
3 High Street
Dundee
DD1 9LY

Registration particulars

Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number HAL297
Registered Friendly Society	Number 2517R(S)
Office of the Scottish Charity Regulator	Charities and Trustee Investment (Scotland) Act 2005 Scottish Charity Number SC030152

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

The Management Committee present the Annual Report of the Management Committee (incorporating the Strategic Report) and the financial statements for the year ended 31 March 2016.

Principal activities

Abertay Housing Association Limited is a not for profit organisation incorporated in Scotland, governed by a voluntary Management Committee. The principal activity of the Association is the provision of affordable rented accommodation in an efficient, caring and friendly environment for people in housing need.

Strategy and Objectives

“Abertay HA aims to enhance the quality of life in our communities.”

The Association's structure should be whatever best serves the long term interests of our tenants and communities. We believe that, for the foreseeable future, these interests are best served by the Association being run by a strong, independent, locally focussed Management Committee, which includes tenants and other members of its communities within its membership.

It is an overriding objective that the Association remains financially viable into the long term future. This will be achieved through effective financial and treasury management. Our long term (30 year) financial forecasts give confidence that the Association can afford to maintain its housing stock to meet all known future quality standards, while remaining financially viable.

Risk is an integral part of everything the Association does. We will seek to identify the risks we face and take a prudent approach to managing them.

A focus on providing the best possible value for money is a key consideration for the Association, and always has been. Looking ahead, we aim to do more to show formally how value for money has been considered in our decision making, and report on how value for money is being achieved.

Our key objectives in setting rent levels are as follows:

1. To keep rents affordable for tenants, without risking the Association's long term financial viability or ability to maintain its housing stock to a good standard.
2. To maintain stability and predictability from year to year, (i.e. to favour small steady rises each year, rather than having low rises one year with excessively high rises the following year).
3. To maintain our rents at levels which are reasonably in line with other social landlords in the local area.

We aim to maintain and improve our properties to a standard which ensures they continue to make desirable homes, so long as it is cost effective over the long term to do so. With all homes now meeting the Scottish Housing Quality Standard (SHQS), we are now looking ahead to future standards including the proposed Energy Efficiency Standard for Social Housing (ESSH). ESSH will be mandatory from 2020, with the strong likelihood that targets will be increased at intervals thereafter. Achieving this objective as cost effectively as possible depends on excellent asset management planning, informed by detailed and up to date knowledge of our stock.

Abertay Housing Association Limited aims to deliver excellent, customer focussed, value for money services in all its core areas. This includes:

- letting homes which are in good condition, to those in greatest need, as effectively as possible;
- supporting tenants to maintain their tenancies. We will do this through proactive, sensitive, and effective action to help avoid tenants falling into rent arrears, and dealing effectively with neighbourhood problems;
- providing a high quality, cost effective, repairs service;
- maintaining our neighbourhoods to a good standard; and
- providing a good quality factoring service to owners in communities.

Annual Report of the Management Committee (incorporating the Strategic Report) (cont'd)
For the year ended 31 March 2016

Strategy and Objectives (continued)

We aim to be at the leading edge in these areas, and for this to be recognised by our regulators and other key decision makers in the sector.

The Association desires to acquire new homes, to improve the quality and age profile of our stock, and increase our rental income. Ideally, we would wish to have a development programme of 30 – 50 new homes per year, which could be managed with our existing staff team.

Review of business and future developments

The Association continued to provide affordable rented accommodation and to maintain and improve its properties to a high standard.

The Management Committee, in consultation with tenants, applied a rent increase of 2.3% taking effect from 1 April 2015 (2014: 3.2%). We strive to ensure that our rents remain competitive and affordable for our tenants.

The Association owned 1,753 properties at the end of the year. Of these, 278 are used to provide sheltered housing. During the year 5 properties were sold under the Right to Buy entitlement and a further 6 properties were disposed of as part of the Association's disposal strategy. The Association has plans for two new developments to commence during 2016/17. One is of 60 properties at Finavon Street, a site in Abertay's ownership which previously held Orlit houses. The second is of 15 properties, our first development in the Angus Council area.

The Association's priorities are to provide the best standard of homes for affordable let, and the best standard of service we can. We undertook an ambitious programme of improvements and planned maintenance during the year with a total spend of £4.5million. Throughout our stock, externally, we carried out re-roofing, chimney repair or removal, replacement of windows and doors, footpath repairs and our maintenance paint work programme. Within the flats, we replaced bathrooms, kitchens, and installed new central heating systems and internal wall insulation. We also piloted options for upgrading the ninety steel framed houses at Craigiebank. The solutions identified will be rolled out to the rest of these homes over the next two years. We will continue to spend heavily on improving our stock over the coming years.

Details of movements of the Association's fixed assets during the year are set out in notes 13 and 14.

There were no changes to the Association's loan portfolio during the year. The regular payments on the existing loans reduced the total bank borrowings from £13.53 million to £13.28 million at the year end. The Association will need to borrow during 2016/17 to help fund the programme of works at Craigiebank and to help finance the new build.

The Association's bank balances decreased over the year, from £3.0 million to £2.6 million.

Principal risks and uncertainties

The Senior Management Team and Management Committee review risks on a regular basis using a scoring mechanism which considers both the likelihood of the risk and its impact if it were to occur. No risks are currently classified as intolerable or substantial. Five risks are classified as serious, although most of these are considered unlikely. These are:

- Supporting People Grant reduced by Dundee City Council;
- Greater difficulty collecting rent, due to Welfare Reform changes;
- Cash flow difficulties with borrowing facilities not being in place when needed;
- Serious health and safety breach; and
- Banking covenant breach.

These issues are kept under review and various controls and management actions are in place to mitigate the risk.

Annual Report of the Management Committee (incorporating the Strategic Report) (cont'd)
For the year ended 31 March 2016

Key performance indicators

In accordance with the Scottish Social Housing Charter, the Association submits an Annual Return on the Charter to the Scottish Housing Regulator. This consists of a number of performance indicators. Some of these are included in a separate annual report to our members. The key indicators, including some which are non Charter indicators, are reported to the Management Committee on a quarterly basis.

Housing Quality and Maintenance

- 98.4% of our stock met the Scottish Housing Quality Standard (SHQS) in 2015/16, (all other properties are classed as "abeyances" under the SHQS guidelines, where tenants or sharing owners have not allowed work to be carried out);
- The average length of time we took to complete emergency repairs in 2015/16 was 1.9 hours;
- The average length of time we took to complete non-emergency repairs in 2015/16 was 4.9 days;
- 92.9% of repairs carried out in the last year were completed right first time;
- 94.2% of our repairs appointments were kept; and
- 99.6% of our tenants who had repairs carried out in the last 12 months were satisfied with the service.

Satisfaction

Abertay's satisfaction figures come from a survey of all tenants carried out in summer 2013. We are carrying out another survey in summer 2016.

- 86.9% of tenants are satisfied with the overall service provided by Abertay;
- 88.0% of tenants feel that Abertay was good at keeping them informed about services and outcomes; and
- 75.0% of tenants were satisfied with the opportunities given to them to participate in our decision making process.

Getting Good Value from Rents and Service Charges

- 0.37% of rent was lost in 2015/16 through properties being empty;
- The average length of time we took last year to relet properties was 13.2 days; and
- 101% of the rent due was collected from tenants in 2015/16.

Neighbourhood and Community

- 18.1 cases of anti-social behaviour were reported per 100 homes in 2015/16; and
- 97.2% of anti-social behaviour cases were resolved within locally agreed targets in 2015/16.

Governance

Our governing body is our Management Committee which is responsible to the wider membership. The Management Committee serve in a voluntary capacity and we recognise this puts more onus on the Senior Management Team to ensure that they achieve high standards of professionalism in their work.

The Management Committee is elected from among the members at the AGM. There are up to 15 places on the Committee which are split as follows:

- 8 tenants
- 2 service users (owner occupiers)
- 5 other

The composition of the Management Committee has been reviewed recently and the Association is currently in the process of changing its rules. If approved, the Management Committee will consist of:

- At least 2 tenants
- At least 2 service users (owner occupiers)
- Up to 11 drawn from all three categories (tenants, service users and others with appropriate skills or expertise).

Annual Report of the Management Committee (incorporating the Strategic Report) (cont'd)
For the year ended 31 March 2016

Governance (continued)

It is possible for people to be invited to join the Committee provided co-options do not exceed one third of the number of elected members.

The Committee meets most months and sub-committees can be set up to deal with particular aspects of the Associations affairs.

The Committee is responsible for the Association's strategies and policies which cover areas such as housing management, maintenance, finance, employment and governance.

Committee members act in a voluntary capacity and do not receive payment for their work beyond reasonable out-of-pocket expenses. They do not benefit from their position and cannot receive favourable treatment in any way – neither can their close relatives.

Going concern

The Management Committee has reviewed the results for this year and the budgets going forward. The Committee has a good expectation that the Association has adequate resources to continue operational existence for the foreseeable future. This going concern basis of accounting is adopted in preparing the financial statements.

Related Party Transactions

The tenants who sit on the Management Committee have entered into tenancies on the Association's normal terms and conditions and they cannot use their position to their advantage.

Management Committee and Executive Officers

The Management Committee and executive officers of the Association are listed on page 1.

Each elected 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 its share capital, and although not having the legal status of directors, they act as executives within the authority delegated by the Committee.

Statement of the Management Committee's Responsibilities

The Housing Association legislation requires the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the Association's state of affairs and of the income and expenditure of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgments 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. The Management Committee is 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.

Annual Report of the Management Committee (incorporating the Strategic Report) (cont'd)
For the year ended 31 March 2016

Statement of Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:-

1. the reliability of financial information used within the Association or provided for external users;
2. the maintenance of proper accounting records; and
3. the safeguarding of assets against unauthorised use or disposition.

Such systems of internal financial control can only provide reasonable and not absolute assurance against material misstatement or loss.

Key procedures, which the Committee has established and which are designed to provide effective financial control, include the following:-

1. formal policies and procedures are in place for the appointment of suitably qualified and experienced senior staff members and consultants. These policies and procedures also detail duties and levels of authority for Committee Members, staff and agents.
2. an Internal Audit control system has been introduced with a rolling programme of reviews covering the entire control system.
3. a system of budgetary control is implemented with investigation of variances and reporting to the Committee on a quarterly basis.
4. a strategic plan and medium-term projections have been prepared and approved by the Committee. These will be reviewed annually.
5. the Audit Committee reviews on behalf of the Management Committee, reports from the auditor to provide reasonable assurance that control procedures are in place and are being followed.
6. all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures at full Committee level.

The Management Committee confirms that it has reviewed the effectiveness of the Association's system of internal financial control as it operated during the year ended 31 March 2016. No weaknesses were found in internal financial controls, which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements, or in the Auditor's Report on the financial statements.

Annual Report of the Management Committee (incorporating the Strategic Report) (cont'd)
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

Scott-Moncrieff have expressed their willingness to continue in office as the auditor. A resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

By order of the Committee

A handwritten signature in black ink, appearing to read 'Ian Thomson', written over a horizontal line.

Ian Thomson
Secretary

Dated: 31 August 2016

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

We have audited the financial statements of Abertay 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 in their preparation 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 issued 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 Statement of the Management Committee's Responsibilities set out on page 5, the Committee members 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 Practice for Social Housing Providers issued in 2014; and
- have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014 as issued by the Scottish Housing Regulator.

Independent Auditor's Report to the Members of Abertay Housing Association Limited (cont'd)
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 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 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, Statutory Auditor

Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

Dated: 31 August 2016

Report of the Auditor to the Management Committee of Abertay Housing Association Limited on Corporate Governance Matters

In addition to our audit of the financial statements, we have reviewed your statements 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: 31 August 2016

Statement of Comprehensive Income
For the year ended 31 March 2016

	Notes	2016 £	Restated 2015 £
Turnover	4	8,091,302	8,390,410
Less: Operating expenditure	4	(6,935,108)	(7,392,419)
Operating surplus	9	1,156,194	997,991
Gain on sale of property, plant and equipment	10	483,277	68,162
Interest receivable		22,884	13,021
Interest and financing costs	11	(935,335)	(869,064)
Surplus before taxation		727,020	210,110
Taxation	12	-	-
Surplus for the year		727,020	210,110
Other comprehensive income			
Actuarial gain in respect of the retirement benefit scheme	25	289,723	539,946
Total comprehensive income for the year		1,016,743	750,056

The results for the year relate wholly to continuing activities.

The notes form part of these financial statements.

Statement of Changes in Capital and Reserves
For the year ended 31 March 2016

	Share Capital £	Revenue Reserve £	Pension Reserve £	Total Capital and Reserves £
Balance at 1 April 2015 as restated	216	13,388,430	(1,502,612)	11,886,034
Total Comprehensive income for the year	-	727,020	289,723	1,016,743
Transfer from pension reserve	-	182,259	(182,259)	-
Shares issued during the year	5	-	-	5
Shares cancelled during the year	(19)	-	-	(19)
Balance at 31 March 2016	<u>202</u>	<u>14,297,709</u>	<u>(1,395,148)</u>	<u>12,902,763</u>

Statement of Changes in Capital and Reserves
For the year ended 31 March 2015

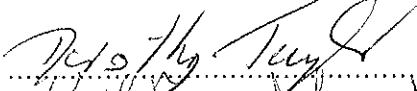
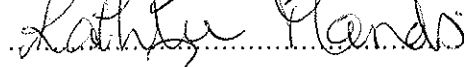

	Share Capital £	Revenue Reserve £	Pension Reserve £	Total Capital and Reserves £
Balance at 1 April 2014 as restated	218	12,995,330	(1,859,568)	11,135,980
Total Comprehensive income for the year	-	210,110	539,946	750,056
Transfer from pension reserve	-	182,990	(182,990)	-
Shares issued during the year	8	-	-	8
Shares cancelled during the year	(10)	-	-	(10)
Balance at 31 March 2015 as restated	<u>216</u>	<u>13,388,430</u>	<u>(1,502,612)</u>	<u>11,886,034</u>

The notes form part of these financial statements.

Statement of Financial Position
As at 31 March 2016

	Notes	2016 £	Restated 2015 £
Tangible fixed assets			
Housing properties	13	36,229,883	34,843,961
Other fixed assets	14	259,646	301,203
		<u>36,489,529</u>	<u>35,145,164</u>
Current assets			
Debtors	16	450,580	578,264
Cash and cash equivalents	17a	2,104,888	2,699,014
Current asset investments	17b	500,000	300,000
		<u>3,055,468</u>	<u>3,577,278</u>
Creditors: amounts falling due within one year	18	<u>(2,335,184)</u>	<u>(1,903,392)</u>
Net current assets		<u>720,284</u>	<u>1,673,886</u>
Total assets less current liabilities		<u>37,209,813</u>	<u>36,819,050</u>
Creditors: amounts falling due after more than one year	19	<u>(22,911,902)</u>	<u>(23,430,404)</u>
Defined benefit pension liability	25	<u>(1,395,148)</u>	<u>(1,502,612)</u>
		<u>12,902,763</u>	<u>11,886,034</u>
Capital and reserves			
Share capital		202	216
Revenue reserve		14,297,709	13,388,430
Pension reserve		<u>(1,395,148)</u>	<u>(1,502,612)</u>
		<u>12,902,763</u>	<u>11,886,034</u>

The financial statements on pages 15 to 32 were authorised for issue by the Management Committee on 31 August 2016 and were signed on its behalf by:

Chair		Dorothy Taylor
Vice Chair		Kathleen Mands
Secretary		Ian Thomson

The notes form part of these financial statements.

Statement of Cash Flows
For the year ended 31 March 2016

	Notes	2016		Restated 2015	
		£	£	£	£
Net cash generated from operating activities	26		3,184,250		2,006,935
Cash flow from investing activities					
Purchase of tangible fixed assets		(3,364,578)		(1,157,770)	
Proceeds from sale of tangible fixed assets		562,148		128,535	
Interest Received		22,884		13,021	
			(2,779,546)		(1,016,214)
Cash flow from financing activities					
Interest Paid		(753,076)		(765,771)	
Repayment of borrowings		(245,759)		(235,403)	
Issue of share capital		5		8	
			(998,830)		(1,001,166)
Net changes in cash and cash equivalents			(594,126)		(10,445)
Cash and cash equivalents at 1 April as restated			2,699,014		2,709,459
Cash and cash equivalents at 31 March			<u>2,104,888</u>		<u>2,699,014</u>

The notes form part of these financial statements.

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

1. General information

The financial statements have been 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 requirements of the Determination of Accounting Requirements 2014 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2014. A summary of the principal accounting policies are set out below.

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 (HAL 297) and a registered charity (SCO030152). The registered address is included on page 1.

The financial statements are the Association's first financial statements prepared in accordance with Financial Reporting Standard 102 (FRS 102), 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice). The Association's date of transition to FRS 102 is 1 April 2014.

In the year ended 31 March 2015 the financial statements were prepared in accordance with UK GAAP, the accounting standard applicable prior to the adoption of FRS 102, as issued by the Financial Reporting Council, and referred to below as 'previous UK GAAP'. Information on the impact of first time adoption of FRS 102 is given in note 29 to these financial statements.

The financial statements represent the results of the Association in GBP.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see Note 3).

2. Principal accounting policies

(a) Basis of preparation

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.

(b) Going Concern

The Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future and thus the Management Committee continue to adopt the going concern basis of accounting in preparing the Financial Statements.

(c) Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Government, the local authority and other agencies. Also included is any income from first tranche shared ownership disposals and management fees for the factoring of properties for private owners.

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

2. Principal accounting policies (cont'd)

(d) Supporting People

Grants received in relation to Supporting People activities are shown in other income and the associated costs are expensed through the Statement of Comprehensive Income.

(e) Apportionment of management expenses

Direct employee, administration and operating expenditure 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.

(f) Repairs and Maintenance Costs

Costs for reactive and planned maintenance are charged to the Statement of Comprehensive Income as they are incurred. Property improvements are capitalised, if these are material in nature and can give rise to additional income. These capitalised improvements are subsequently written off in line with the Association's fixed asset policy.

(g) Interest receivable

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

(h) 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.

(i) Fixed Assets - Housing Properties

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

- (i) cost of acquiring land and buildings;
- (ii) development expenditure including applicable overheads; and
- (iii) interest charged during the construction phase on the loans raised to finance the scheme.

These costs are either termed "qualifying costs" for approved Government Grant schemes or 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 are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end. Development costs are capitalised to the extent that they are attributable to specific schemes and where such costs are not excessive. Government Grant expenditure on schemes, which are subsequently aborted, is written off in the year in which it is recognised that the scheme will not be developed to completion.

(j) Sales of Housing Properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

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

2. Principal accounting policies (cont'd)

(k) Depreciation of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows:

Land	Not depreciated
Structure	Over 50 years
Roofs	Over 40 years
Windows and doors	Over 20 years
Bathrooms	Over 15-20 years
Kitchens	Over 15 years
Central Heating	Over 15-20 years

(l) Depreciation of Other Fixed Assets

Other Fixed Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Office premises	4%
Housing Stock Improvements	5%
Furniture & Fittings	10% - 20%
Machinery & Equipment	6.67%
Computer hardware & software	25%

(m) Capitalisation of Major Repairs Expenditure

The Association capitalises major repairs expenditure where these works are a replacement or restoration of a separate identifiable component or where the works result in an enhancement of economic benefits of the tangible fixed assets. Such enhancement can occur if the improvements result in an increase in rental income, a reduction in future maintenance costs or a significant extension to the life of the component.

Works which fail to meet the above criteria are charged to the Statement of Comprehensive Income.

(n) Capitalisation of Development Overheads

Directly attributable development costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

(o) Impairment of Fixed Assets

Reviews for impairment of fixed assets are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value, its value in use or in the case of housing properties, its depreciated replacement cost. Value in use represents the net present value of expected future cash flows from these units.

(p) Government Capital Grants

Government Capital Grants, at amounts approved by The Scottish Government or local authority, 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.

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

2. Principal accounting policies (cont'd)

(q) 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.

(r) 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.

(s) Debtors

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

(t) Rental arrears

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Management regularly review rental arrears and write them down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in Note 16.

(u) 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.

(v) 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.

(w) 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, loans from banks and related parties.

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 rental arrear 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.

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

2. Principal accounting policies (cont'd)

(x) Loans

Mortgage loans are advanced by private lenders or The Scottish Government under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by The Scottish Government.

(y) Pension Scheme

The Association participates in the Dundee City Council Superannuation Scheme (LGSS) which provides benefits based on final pensionable salary. The assets of the scheme are held and invested separately from those of the Association.

The Association accounts for the pension scheme in accordance with FRS 102. Contributions to the scheme are charged to the Statement of Comprehensive Income so as to spread the cost of pensions over the employees' working lives with the Association.

The difference between the actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in the Statement of Other Comprehensive Income.

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 members of 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 other fixed assets

The useful lives of other fixed assets 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 defined benefit pension scheme

This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

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

4. Particulars of Turnover, Operating Expenditure and Operating Surplus/(Deficit)

	Notes	2016 Turnover £	2016 Operating Expenditure £	2016 Operating Surplus £	Turnover £	2015 Restated Operating Expenditure £	Operating Surplus £
Social lettings	5	7,528,129	(6,507,104)	1,021,025	7,325,543	(6,982,775)	342,768
Other activities	6	563,173	(428,004)	135,169	1,064,867	(409,644)	655,223
		<u>8,091,302</u>	<u>(6,935,108)</u>	<u>1,156,194</u>	<u>8,390,410</u>	<u>(7,392,419)</u>	<u>997,991</u>

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

5. Particulars of turnover, operating expenditure, and operating surplus/(deficit) from social letting activities

	General Needs Housing £	Sheltered Housing £	2016 £	Restated 2015 £
Social lettings				
Rent receivable net of service charges	5,907,262	989,883	6,897,145	6,773,550
Service charges receivable	-	330,739	330,739	332,737
Gross income from rents and services charges	5,907,262	1,320,622	7,227,884	7,106,287
Less: rent losses from voids	(56,884)	(6,702)	(63,586)	(55,984)
Total net income from rents and service charges	5,850,378	1,313,920	7,164,298	7,050,303
Grants released from deferred income	256,499	-	256,499	257,395
Other revenue grants	107,332	-	107,332	17,845
Total turnover from social letting activities	6,214,209	1,313,920	7,528,129	7,325,543
Expenditure on letting activities				
Management and maintenance administration costs	1,652,831	115,456	1,768,287	1,792,517
Service costs	185,716	124,373	310,089	292,844
Planned and cyclical maintenance including major repairs	965,175	182,654	1,147,829	1,722,796
Reactive maintenance costs	1,235,149	164,227	1,399,376	1,418,348
Rent losses from bad debts	1,838	6,603	8,441	54,792
Depreciation of social housing	1,873,082	-	1,873,082	1,701,478
Operating expenditure for social letting activities	5,913,791	593,313	6,507,104	6,982,775
Operating Surplus for social lettings, 2016	300,418	720,607	1,021,025	342,768
Restated operating Surplus/(deficit) for social lettings, 2015	(275,014)	617,782	342,768	

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 turnover	Operating expenditure - bad debts	Other operating expenditure	Operating surplus
	£	£	£	£	2016 £	2015 £	2016 £	2015 £
Wider role activities *	-	-	-	-	-	-	-	-
Care and repair of property	47,084	-	-	35,190	82,274	-	42,779	532,886
Factoring	-	-	-	230,285	230,285	14,808	199,382	43,309
Development and construction of property activities	-	-	-	-	-	-	-	-
Support activities	-	-	117,335	133,279	250,614	-	171,035	79,028
Care activities	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSLs	-	-	-	-	-	-	-	-
Other activities	-	-	-	-	-	-	-	-
Total from other activities, 2016	47,084	-	117,335	398,754	563,173	14,808	413,196	135,169
Total from other activities, 2015	93,016	477,218	117,335	377,298	1,064,867	20,841	388,803	655,223

*Undertaken to support the community, other than the provision, construction, improvement and management of housing.

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

7. Officers' Emoluments

- a) 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. No emoluments were paid to any member of the Management Committee during the year. The Association considers key management personnel to be the Management Committee and Executive Officers (as page 1) of the Association only.

	2016 £	2015 £
Aggregate emoluments payable to key management personnel (including pension contributions and benefits in kind)	224,738	222,764
Emoluments payable to the Chief Executive (excluding pension contributions)	76,256	74,981
Pension contributions paid in respect of the Chief Executive	12,250	12,754
Total expenses reimbursed insofar as not chargeable to UK income tax	324	272

The officers with emoluments in excess of £60,000 (excluding pension contributions) were within the following ranges:

	2016 No	2015 No
£70,000 - £75,000	1	1

- b) Three members of the Management Committee are employed by Dundee City Council (2015: two). All transactions are performed at arm's length.

8. Employee Information

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

	2016 No	2015 No
	40	40
Split as:		
Admin	3	3
Finance	5	5
Housing	15	13
Technical	9	11
Sheltered	7	8
Supply	1	-
	40	40

	2016 £	2015 £
Wages and salaries	1,176,495	1,147,212
Social security costs	85,964	86,049
Pension costs	174,926	164,509
	1,437,385	1,397,770

Temporary staff costs of £13,370 (2015: £16,145) have been incurred in the year.

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

9. Operating Surplus

	2016 £	Restated 2015 £
Operating surplus is stated after charging:		
Depreciation	1,938,764	1,573,055
Auditor's Remuneration:		
- In their capacity as auditor	6,950	5,700
- In respect of other services	3,458	4,230
	<u> </u>	<u> </u>

10. Disposals of Fixed Assets

	2016 £	Restated 2015 £
Gross proceeds from the disposal of fixed assets	562,148	132,900
Less: Net book value of fixed assets	(78,871)	(64,738)
	<u> </u>	<u> </u>
Net gain on disposal of fixed assets	483,277	68,162
	<u> </u>	<u> </u>

11. Interest Payable and Financing Costs

	2016 £	2015 £
Bank interest payable	753,076	765,771
Defined benefit pension adjustment	182,259	103,293
	<u> </u>	<u> </u>
	935,335	869,064
	<u> </u>	<u> </u>

12. Taxation

The Association has charitable status for taxation purposes and is not liable to corporation tax for the year.

**13. Tangible Fixed Assets:
Housing Properties**

	Housing stock held for letting £	Total £
Cost		
As at 1 April 2015 as restated	47,423,045	47,423,045
Additions	3,338,927	3,338,927
Disposals	(829,545)	(829,545)
	<u> </u>	<u> </u>
As at 31 March 2016	49,932,427	49,932,427
	<u> </u>	<u> </u>
Depreciation		
As at 1 April 2015 as restated	12,579,084	12,579,084
Charge for period	1,674,732	1,674,732
On disposals	(551,272)	(551,272)
	<u> </u>	<u> </u>
As at 31 March 2016	13,702,544	13,702,544
	<u> </u>	<u> </u>
Net Book Value		
As at 31 March 2016	36,229,883	36,229,883
	<u> </u>	<u> </u>
Net Book Value		
As at 31 March 2015 as restated	34,843,961	34,843,961
	<u> </u>	<u> </u>

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

13. Tangible Fixed Assets: Housing properties (continued)

The additions in the year relate to the cost of components capitalised. Components with a cost of £694,783 have been disposed of in the year (2015: £422,731). All housing properties are freehold.

Properties with a cost of £134,762 have been disposed of in the year (2015: £87,785). Proceeds of £589,020 were received in respect of these sales (2015: £132,900).

14. Tangible Fixed Assets: Other Fixed Assets

	Office Property £	Machinery & Equipment £	Computer Equipment £	Furniture & Fittings £	Total £
Cost					
As at 1 April 2015	380,133	206,990	169,931	120,000	877,054
Additions	-	9,485	15,691	475	25,651
Disposals	-	-	-	(8,429)	(8,429)
As at 31 March 2016	380,133	216,475	185,622	112,046	894,276
Depreciation					
As at 1 April 2015	202,223	164,062	118,826	90,740	575,851
Charge for year	15,205	14,116	25,753	10,608	65,682
On disposals	-	-	-	(6,903)	(6,903)
As at 31 March 2016	217,428	178,178	144,579	94,445	634,630
Net Book Value					
As at 31 March 2016	162,705	38,297	41,043	17,601	259,646
Net Book Value					
As at 31 March 2015	177,910	42,928	51,105	29,260	301,203

15. Housing Stock Numbers

	2016 Units	2015 Units
General Needs Housing	1,469	1,478
Sheltered Housing	278	280
Community Projects Block	6	6
	1,753	1,764

16. Debtors: Amounts falling due within one year

	2016 £	2015 £
Arrears of rent	273,676	248,758
Less: Provision for bad debts	(102,453)	(144,740)
	171,223	104,018
Sundry debtors and prepayments	279,357	474,246
	450,580	578,264

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

17(a) Cash and cash equivalents

	2016 £	2015 £
Bank and cash balances	648,201	1,242,327
Funds held on deposit	1,456,687	1,456,687
	<u>2,104,888</u>	<u>2,699,014</u>

17(b) Current asset investments

	2016 £	2015 £
Current asset investments	<u>500,000</u>	<u>300,000</u>

18. Creditors: Amounts falling due within one year

	2016 £	Restated 2015 £
Prepaid rent	252,141	220,067
Trade creditors	196,532	224,202
Other taxation and social security costs	25,543	25,510
Sundry creditors and accruals	1,344,465	930,776
Deferred capital grants (see note 21)	254,502	254,500
Loan instalments due within one year (see note 20)	262,001	248,337
	<u>2,335,184</u>	<u>1,903,392</u>

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

	2016 £	Restated 2015 £
Housing Loans (see note 20)	13,016,057	13,278,058
Deferred capital grants (see note 21)	9,895,845	10,152,346
	<u>22,911,902</u>	<u>23,430,404</u>

20. Loans

	2016 £	2015 £
Loans due within one year	262,001	248,337
Loans due between 1 and 2 years	280,021	262,001
Loans due between 2 and 5 years	2,949,109	2,893,109
Loans due after 5 years	9,786,926	10,122,948
	<u>13,278,057</u>	<u>13,526,395</u>

The loans are secured by standard securities over the Association's properties. The amounts secured are £13,278,057 (2015: £13,526,395), and are repayable at rates of interest between 2.45% and 6.25% in instalments over the next 30 years.

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

21. Deferred capital grants

	2016 £	Restated 2015 £
Deferred capital grants 1 April	10,406,846	10,664,241
Grants received in year	-	-
Released to income in year	(256,499)	(257,395)
	<u>10,150,347</u>	<u>10,406,846</u>

Split:	2016 £	2015 £
Due within one year	254,501	256,499
Due between one and two years	254,501	254,501
Due between three and five years	763,501	763,501
Due after five years	8,877,844	9,132,345
	<u>10,150,347</u>	<u>10,406,846</u>

22. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at amortised cost	<u>333,297</u>	<u>470,183</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>14,819,055</u>	<u>14,681,373</u>

Financial assets measured at amortised cost comprised arrears of rent and sundry debtors.

Financial liabilities measured at amortised cost comprised trade creditors, sundry creditors and accruals and housing loans.

23. Share Capital

	2016 No	2015 No
Allotted, called up and fully paid Ordinary shares of £1 each		
At 1 April 2015	216	218
Issued during year	5	8
Cancelled shares	(19)	(10)
	<u>202</u>	<u>216</u>
At 31 March 2016	<u>202</u>	<u>216</u>

The shares carry no rights to dividends, are irredeemable and do not entitle the holder to a distribution in the event of the Association being wound up.

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

24. Capital Commitments

	2016 £	2015 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements.	5,381,784	2,554,472
This is to be funded by:		
Government Grant	-	-
Private Finance	5,381,784	2,554,472
	5,381,784	2,554,472
Capital expenditure that has been approved but not Contracted for	2,016,000	2,282,595

25. Pensions

The pension cost figures used in these accounts comply with Financial Reporting Standard 102 (FRS 102).

The Association is an admitted body to the Tayside Superannuation Fund, a fund administered by Dundee City Council. The fund is a funded defined benefit pension scheme providing benefits based on final pensionable salary. Contributions to the fund are determined by the scheme's actuary using the projected unit method and are charged to the Statement of Comprehensive Income as they are incurred. The pension costs for the period were £174,925 (2015: £164,509).

The table below compares the present value of the scheme liabilities, based on the Actuary's assumptions, with the estimated employer assets.

	31 March 2016 £	31 March 2015 £
Net pension liability as at:		
Estimated employer assets (A)	6,494,468	6,533,601
Present value of scheme liabilities	7,889,616	8,036,213
Present value of unfunded liabilities	-	-
Total value of liabilities (B)	7,889,616	8,036,213
Net pension liability (A)-(B)	(1,395,148)	(1,502,612)

The movement in the defined benefit obligation over the year is as follows:

	2016 £	Restated 2015 £
Opening defined benefit obligation	8,036,213	7,038,990
Current service cost	307,155	259,455
Interest costs	262,747	319,081
Change in financial assumptions	(566,914)	902,059
Change in demographic assumptions	-	(293,264)
Experience loss/(gain) on defined benefit obligation	-	(35,229)
Estimated benefits paid net of transfers in	(215,517)	(214,425)
Contributions by scheme participants	65,932	59,546
Closing defined benefit obligation	7,889,616	8,036,213

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

25. Pensions (continued)

The movement in the fair value of fund assets in the year is as follows:

	2016 £	Restated 2015 £
Opening fair value of funds	6,533,601	5,179,422
Interest on assets	215,982	233,281
Return on assets less interest	(277,191)	502,139
Other actuarial gains/(losses)	-	611,373
Administration expenses	(721)	(1,913)
Contributions by employer including unfunded	172,382	164,178
Contributions by fund participants	65,932	59,546
Estimated benefits paid plus unfunded net of transfers in	(215,517)	(214,425)
Closing fair value of fund assets	6,494,468	6,533,601

The amounts recognised in the Statement of Comprehensive Income are as follows:

Analysis of amount recognised in Statement of Comprehensive Income	2016 £	Restated 2015 £
Service cost	307,155	259,455
Contributions paid	(172,382)	(164,178)
Net interest on the defined liability (asset)	46,765	85,800
Administration expenses	721	1,913
Total loss (profit)	182,259	182,990

The aggregate assets of the defined pension scheme are comprised as follows:

	Value at 31 March 2016 £000	Value at 31 March 2015 £000
Equities	4,452	4,627
Gilts	340	358
Bonds	839	826
Property	792	651
Cash	71	72
Total	6,494	6,534

The total return on the fund assets for the year to 31 March 2016 was (£61,209).

The principal actuarial assumptions used in valuing the defined benefit pension scheme were as follows:

	2016	2015
RPI increases	3.2%	3.2%
CPI increases	2.3%	2.4%
Salary increases	4.1%	4.2%
Pension increases	2.3%	2.4%
Discount rate	3.6%	3.3%

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

25. Pensions (cont'd)

The net assets/(defined liability) recognised in other comprehensive income:

	Year to 31 March 2016	Year to 31 March 2015
Return on fund asset in excess of interest	(277,191)	502,139
Other actuarial gains on assets	-	611,373
Change in financial assumptions	566,914	(902,059)
Change in demographic assumptions	-	293,264
Experience gain on defined benefit obligation	-	35,229
	<hr/>	<hr/>
Re-measurement of the net assets	289,723	539,946
	<hr/>	<hr/>

The plans are valued triennially by independent external actuaries. The next actuarial valuation of the Fund will be carried out as at 31 March 2017 and will set contributions for the period from 1 April 2018 to 31 March 2021. The Association believes that the contribution rates established at the time of the last triennial valuation are sufficient to eliminate the deficit over the agreed period. It is not anticipated that regular contributions, which are based on service costs, will increase further to a significant extent.

26. Net Cash Flow from Operating Activities

	2016 £	2015 £
Surplus for the year	727,020	210,110
<u>Adjustments for non cash items:</u>		
Carrying amount of fixed asset disposals	78,871	64,738
Depreciation of tangible fixed assets	1,938,764	1,772,043
Pension service costs	-	79,697
Decrease/(increase) in debtors	127,684	(73,448)
(Increase) in current asset investments	(200,000)	(300,000)
Increase/(decrease) in creditors	418,126	(211,943)
<u>Adjustments for investing and financing activities</u>		
Proceeds from sale of tangible fixed assets	(562,148)	(132,900)
Interest payable and financing costs	935,335	869,064
Interest received	(22,884)	(13,021)
Release of deferred capital grants	(256,499)	(257,395)
Forfeited share capital	(19)	(10)
	<hr/>	<hr/>
Net cash inflow from operating activities	3,184,250	2,006,935
	<hr/>	<hr/>

27. Legislative Provisions

The Association is incorporated under The Co-operative & Community Benefit Societies Act 2014.

28. Related party transactions

The Association has Board members who are also tenants. The total rent received in the year relating to tenant Board members is £26,263 (2015: £30,340). The total rent arrears relating to tenant Board members included within debtors at the year end is £Nil (2015: £Nil). The total prepaid rent relating to tenant Board members included within creditors at the year end is £1,136 (2015: £1,428).

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

29. Transition to FRS 102

The Association has adopted Financial Reporting Standard 102 (FRS 102) 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 FRS 102 the Association does not present an Income and Expenditure Account or a Statement of Recognised Gains and Losses (STRGL) as was presented in the financial statements to 31 March 2015 as items that previously appeared in these statements are now included in the Statement of Comprehensive Income.

As prescribed by FRS 102 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 FRS 102 the Association has renamed the Balance Sheet as the Statement of Financial Position.

Housing Association Grant (HAG) 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.

Depreciation of housing properties was previously based on gross cost less HAG but is now based on gross cost only.

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 participates in the Dundee City Council Superannuation Scheme (LGSS) and makes annual contributions towards the deficit in line with the fund plan. Under FRS 102, there were re-measurements in the statement of comprehensive income and other comprehensive income however there was no impact on reserves.

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

29. Transition to FRS 102 (cont'd)

	£
Capital and reserves as at 1 April 2014 as previously stated	10,746,404
Effects of:	
Adjustment to amortise deferred capital grants	405,056
Adjustment to other fixed assets	5
Adjustment to include a holiday pay accrual	(15,485)
Restated capital and reserves as at 1 April 2014	<u>11,135,980</u>
	£
Capital and reserves as at 31 March 2015 as previously stated	11,438,885
Effects of:	
<u>Prior year adjustments</u>	
Adjustment to amortise deferred capital grants	405,056
Adjustment to other fixed assets	5
Adjustment to include a holiday pay accrual	(15,485)
<u>In year adjustments</u>	
Adjustment to amortise deferred capital grants	58,407
Adjustment to increase the holiday pay accrual	(834)
Restated capital and reserves as at 31 March 2015	<u>11,886,034</u>
	£
Surplus for year ended 31 March 2015 as previously stated	255,830
Effects of:	
Adjustment to amortise deferred capital grants	58,407
Adjustment to increase the holiday pay accrual	(834)
Adjustment to incorporate increase in pension service cost	(103,293)
Restated surplus for the year ended 31 March 2015	<u>210,110</u>