



R E I D V A L E
H O U S I N G A S S O C I A T I O N



ANNUAL ACCOUNTS **2016/2017**

REIDVALE HOUSING ASSOCIATION

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

*Registered Housing Association Number: L1535
FCA Reference Number: 1825R (S)
Scottish Charity Registration Number: SC044023*

REIDVALE HOUSING ASSOCIATION

CONTENTS

	<i>Page.</i>
<i>MEMBERS OF THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS</i>	3
<i>REPORT TO THE MANAGEMENT COMMITTEE</i>	4
<i>REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS</i>	8
<i>REPORT OF THE AUDITORS</i>	9
<i>INCOME AND EXPENDITURE ACCOUNT</i>	11
<i>BALANCE SHEET</i>	12
<i>STATEMENT OF CASH FLOWS</i>	13
<i>STATEMENT OF CHANGES IN EQUITY</i>	14
<i>NOTES TO THE FINANCIAL STATEMENTS</i>	15

REIDVALE HOUSING ASSOCIATION

THE MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2017

MEMBERS OF THE MANAGEMENT COMMITTEE

<i>Miss Helen Moore</i>	<i>(Chairperson)</i>
<i>Mrs Jane Marley</i>	<i>(Vice Chair)</i>
<i>Mrs Irene McInnes</i>	<i>(Secretary)</i>
<i>Mrs Mary Dunn</i>	<i>(Committee Member)</i>
<i>Mrs Anne McKelvie</i>	<i>(Committee Member)</i>
<i>Mrs Christine Hadden</i>	<i>(Committee Member)</i>
<i>Mr Ernesto Vaz</i>	<i>(Committee Member)</i>
<i>Mrs Linda McGowan</i>	<i>(Committee Member)</i>
<i>Mr Edward Marley</i>	<i>(Committee Member)</i>
<i>Ms Davina Boyle</i>	<i>(Committee Member)</i>
<i>Ms Irene Ferguson</i>	<i>(Committee Member)</i>
<i>Mr John Lindsay</i>	<i>(Committee Member)</i>
<i>Mr Thomas Rannachan</i>	<i>(Committee Member – resigned October 2016)</i>

EXECUTIVE OFFICERS

<i>Linda Scott</i>	<i>(Director)</i>
<i>Gerry Shepherd</i>	<i>(Finance Manager)</i>

REGISTERED OFFICE

*13 Whitevale Street
Glasgow
G31 1QW*

AUDITORS

*French Duncan LLP
Chartered Accountants
Statutory Auditors
133 Finnieston Street
Glasgow
G3 8HB*

BANKERS

*Lloyds Bank plc
177 Ingram Street
Glasgow
G1 1DL*

SOLICITORS

*TC Young
7 West George Street
Glasgow
G2 1BA*

REPORT FROM THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2017

The Management Committee presents their report and the Financial Statements for the year ended 31st March 2017.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 1825R (S). The Association is governed under its Rule Book. The Association is a Registered Scottish Charity with the charity number SC044023.

Principal Activities

The principal activity of the Association is the provision of social housing.

Review of business and future developments

Current Year

The Committee is satisfied with the Association's performance during the year. The surplus before SHAPS pension adjustment was £332,120 (2016 - £288,391). The Association's net current assets at 31 March 2017 were £885,500 (2016 - £838,005). All figures have been stated under FRS102 accounting format.

Financial risk is primarily managed through the well-established annual budgetary process, where progress is monitored quarterly via Management Accounts. Management Accounts, which focus on cash flows, are compared to budget expectations with any material variance referred to in the notes. The longer term component replacement programme is factored into the rent setting process which allows the Association to build up a good financial 'cushion' against unforeseen events. The Committee is satisfied with the level of reserves to meet its longer term major repair work and future rent setting will continue to take account of both short and longer term commitments. Systemic financial risk, welfare reforms etc., are also incorporated into the annual budget as best as can be quantified.

The Association performs well within the post development phase with both external and internal performance indicators being satisfactorily met by the organisation. The Association has now redeemed all loans and there are no plans to utilise debt finance over the coming years.

The Future

Long term goals of wider regeneration initiatives have always been and will continue to be one of the Association's main objectives. Reidvale Neighbourhood Centre, Reidvale Adventure Play Association and the Reidvale Allotments offer quality social opportunities and we continue to support and promote these and other regeneration initiatives. This, plus the continuous improvement of the housing stock, which continues to meet the Scottish Housing Quality Standard, are the two principal objectives of the Association. The Association's future component replacement programme continues to include kitchen installation, central heating systems, stonework and window replacement.

Meeting the above objectives puts a constant strain on the financial resources of the organisation but long term costing for future Major Repairs budgets indicates only moderate real rises in rental income to maintain current liquidity levels. Annual budgets will continue to ensure a cautious approach to the spending of the Association's hard earned cash.

This cautious approach to financial management has served the Association well over the last 40 years and it is in a healthy financial position with significant reserves and no debt. The Association has enjoyed another successful year but is not complacent. As the Association looks to the future there are plenty of challenges both internal and external to embrace. Priorities for the future include:

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

Review of business and future developments (continued)

- *Managing staff changes and the appointment of a new director.*
- *Energy efficiency improvements as required by the Energy Efficiency Standard for Social Housing (ESSH).*
- *Complying with new procurement legislation.*
- *Complying with the Scottish Housing Charter.*
- *Maintaining and improving value for money and improvement in all areas of operation.*

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 3.

Statement of Management Committee's responsibilities

The Co-operative and Community Benefit Act 2014 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 surplus or deficit of the Association for that year. 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;*
- *Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;*
- *Prepare a statement on Internal Financial Control.*

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - 2014. 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. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- *There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and*

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

Statement on Internal Financial Control

- *The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.*

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

- *The reliability of financial information used within the Association, or for publication;*
- *The maintenance of proper accounting records; and*
- *The safeguarding of assets 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 mis-statement or loss. Key elements of the Association's systems include ensuring that:

- *Formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of 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 which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;*
- *Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;*
- *Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;*
- *All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;*
- *The Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken; and*
- *Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.*

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2017. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

REIDVALE HOUSING ASSOCIATION

**REPORT FROM THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

Auditors

A resolution to re-appoint the auditors, French Duncan LLP, Chartered Accountants, will be proposed at the Annual General Meeting

By order of Management Committee

*Irene McInnes, Secretary
June 2017*

REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF REIDVALE HOUSING ASSOCIATION ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. 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 reasons 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 with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the 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 within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

French Duncan LLP
Chartered Accountants
Statutory Auditors
133 Finnieston Street
Glasgow
G3 8HB
July 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REIDVALE HOUSING ASSOCIATION

We have audited the financial statements of Reidvale Housing Association for the year ended 31 March 2017 which comprise an income and expenditure account, balance sheet, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' 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 MANAGEMENT COMMITTEE AND AUDITORS

As explained more fully in the Statement of the Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that 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 ON THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in The Management Committee's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON THE 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 2017 and of its surplus for the year then ended;*
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and*
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements December 2014.*

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Co-operation 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 of the Association; or*
- *we have not received all the information and explanations we require for our audit.*

French Duncan LLP
*Chartered Accountants
Statutory Auditors
133 Finnieston Street
Glasgow
G3 8HB
July 2017*

REIDVALE HOUSING ASSOCIATION**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	£	2017 £	£	2016 £
REVENUE	2.		3,556,131		3,549,155
Operating Costs	2.		(3,326,730)		(3,327,693)
OPERATING SURPLUS	9.		229,401		221,462
Gain on Sale of Housing Stock	7.	141,587		111,809	
Interest Receivable and Other Income		4,295		3,268	
Interest Payable and Similar Charges	8.	(2,387)		(7,148)	
Other Finance Charges	11	(40,776)		(41,000)	
			<u>102,719</u>		<u>66,929</u>
SURPLUS FOR THE YEAR			332,120		288,391
SHAPS Pension Adjustment	22		750,342		-
TOTAL INCOME FOR THE YEAR			<u>1,082,462</u>		<u>288,391</u>

The notes on pages 15 to 29 form part of these financial statements.

REIDVALE HOUSING ASSOCIATION

BALANCE SHEET AS AT 31 MARCH 2017

	Notes	£	2017 £	£	2016 £
FIXED ASSETS					
Housing Properties - Depreciated Cost	12.(a)		21,590,880		22,188,024
Other Fixed Assets	12.(b)		335,593		379,824
			<hr/>		<hr/>
			21,926,473		22,567,848
CURRENT ASSETS					
Debtors	13.	313,565		313,549	
Cash at bank and in hand		1,496,918		1,060,440	
		<hr/>		<hr/>	
		1,810,483		1,373,989	
CREDITORS: Amounts falling due within one year					
	14.	(924,983)		(535,984)	
		<hr/>		<hr/>	
NET CURRENT ASSETS					
			885,500		838,005
			<hr/>		<hr/>
			22,811,973		23,405,853
CREDITORS: Amounts falling due after more than one year					
Retirement Benefit Scheme Deficit	15.		(780,377)		(1,653,000)
DEFERRED INCOME					
Social Housing Grants	17.		(19,093,494)		(19,897,262)
			<hr/>		<hr/>
NET ASSETS					
			2,938,102		1,855,591
EQUITY					
Share Capital	18.		1,454		1,406
Revenue Reserves			2,936,647		1,854,185
			<hr/>		<hr/>
			2,938,101		1,855,591
			<hr/>		<hr/>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on June 2017.

Jane Marley
Vice Chair-person

Anne McKelvie
Committee Member

Irene McInnes
Secretary

The notes on pages 15 to 29 form part of these financial statements.

REIDVALE HOUSING ASSOCIATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017	2016
		£	£
Net Cash Inflow from Operating Activities	16.	726,066	347,668
Investing Activities			
Acquisition and Construction of Properties		(354,304)	(213,839)
Purchase of Other Fixed Assets		(16,290)	(20,901)
Social Housing Grant Received		-	-
Social Housing Grant Repaid		(193,428)	-
Proceeds on Disposal of Properties		272,478	125,664
Net Cash Outflow from Investing Activities		(291,544)	(109,076)
Taxation			
Tax paid		-	-
Financing Activities			
Interest Received on Cash and Cash Equivalents		4,295	3,268
Interest Paid on Loans		(2,387)	(7,148)
Loan Principal Repayments		-	(23,454)
Movement in long term borrowings		-	(205,188)
Share Capital Issued		48	42
Net Cash Inflow/ (Outflow) from Financing		1,956	(232,480)
Increase in Cash		436,478	6,112
Opening Cash & Cash Equivalents		1,060,440	1,054,328
Closing Cash & Cash Equivalents		1,496,918	1,060,440

REIDVALE HOUSING ASSOCIATION**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2016	1,406	1,854,185	1,855,591
Issue of Shares	90	-	90
Cancellation of Shares	(42)	-	(42)
Surplus for Year	-	332,120	332,120
SHAPS Pension Adjustment	-	750,342	750,342
Balance as at 31 March 2017	<u>1,454</u>	<u>2,936,647</u>	<u>2,938,101</u>

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1 April 2015	1,364	1,565,794	1,567,158
Issue of Shares	54	-	54
Cancellation of Shares	(12)	-	(12)
Surplus for Year	-	288,391	288,391
Balance as at 31 March 2016	<u>1,406</u>	<u>1,854,185</u>	<u>1,855,591</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

The Association is incorporated under the Co-operation and Community Benefits Societies Act 2014 and is registered by the Financial Conduct Authority. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102

Basis of Accounting

These financial statements have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for Social Housing Providers 2014 and comply with the requirements of the Determination of Housing Requirements 2014 as issued by the Scottish Housing Regulator.

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 below).

The following principal accounting policies have been applied:

Going Concern

The financial statements have been prepared on a going concern basis after consideration of the future prospects of the Association, its long term financial forecasts and the certainty of cash flow from rental of social housing stock.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised as expenditure is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme 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.

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

<i>Component</i>	<i>Useful Economic Life</i>
Central heating	15 years
External windows	30 years
Kitchens	15 years
Structure	50 years

Depreciation And Impairment Of Other Non-Current Assets

Non-Current Assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:-

Office Premises	- over 15 years
Commercial premises	- 15% Straight Line
Fixtures & fittings	- 6.67% Reducing balance
Office Equipment	- over 5 years

The carrying value of non-current assets is reviewed for impairment at the end of each reporting year.

Social Housing Grant and Other Grants In Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same year as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying Reidvale Housing Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place, and court action.

Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Association considers its cash-generating units to be the scheme in which it manages its housing property for asset management purposes.

Financial Instruments – Basic

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard

The Association's debt instruments are measured at amortised cost using the effective interest rate method

2. PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2017			2016		
		Revenue £	Operating Costs £	Operating Surplus / (Deficit) £	Revenue £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	3,442,818	(3,233,998)	208,820	3,423,677	(3,224,470)	199,207
Other Activities	4.	113,313	(92,732)	20,581	125,478	(103,223)	22,255
Total		<u>3,556,131</u>	<u>(3,326,730)</u>	<u>229,401</u>	<u>3,549,155</u>	<u>(3,327,693)</u>	<u>221,462</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2017 Total £	2016 Total £
Revenue from Lettings					
Rent Receivable Net of Identifiable Service Charges	2,611,607	125,000	-	2,736,607	2,695,913
Service Charges Receivable	8,377	74,606	-	82,983	83,005
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross Rents Receivable	2,619,984	199,606	-	2,819,590	2,778,918
Less: Rent losses from voids	(16,020)	(845)	-	(16,865)	(17,740)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Rents Receivable	2,603,964	198,761	-	2,802,725	2,761,178
Amortisation of Social Housing Grants and Other Grants	580,568	29,772	-	610,340	614,209
Revenue Grants From Local Authorities and Other Agencies	29,753	-	-	29,753	48,290
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Income From Social Letting	3,214,285	228,533	-	3,442,818	3,423,677
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on Social Letting Activities					
Service Costs	5,628	76,981	-	82,609	77,259
Management and maintenance administration costs	1,238,379	63,581	-	1,301,960	1,264,067
Reactive Maintenance	458,113	5,376	-	463,489	492,828
Bad Debts - Rents and Service Charges	3,933	254	-	4,187	18,814
Planned and Cyclical Maintenance, including Major Repairs	560,455	741	-	561,196	568,042
Depreciation of Social Housing	780,485	40,072	-	820,557	803,460
Impairment of Housing	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating Costs of Social Letting	3,046,993	187,005	-	3,233,998	3,224,470
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating Surplus on Social Letting Activities	167,292	41,528	-	208,820	199,207
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2016	<u>157,706</u>	<u>41,501</u>	-	<u>199,207</u>	

REIDVALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From	Other Revenue	Supporting People	Other Income	Total Turnover	Operating Costs	Operating Costs	Operating Costs	Operating Surplus /(Deficit)	Operating Surplus /(Deficit)
	Scottish Ministers	Grants	Income	Income	£	Bad Debts	Other	Other	2017	2016
	£	£	£	£	£	£	£	£	£	£
Factoring	-	-	-	25,413	25,413	-	(10,191)	(10,191)	15,222	14,658
Agency/management services for registered social landlords	-	-	-	49,000	49,000	-	(57,553)	(57,553)	(8,553)	(3,436)
Commercial Rent	-	-	-	38,900	38,900	-	(24,988)	(24,988)	13,912	11,033
Total From Other Activities	-	-	-	113,313	113,313	-	(92,732)	(92,732)	20,581	22,255
2016	-	-	-	125,478	125,478	-	(103,223)	(103,223)	22,255	

REIDVALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

7. GAIN ON SALE OF HOUSING STOCK

	2017	2016
	£	£
Sales Proceeds	272,478	129,000
Cost of Sales	<u>(130,891)</u>	<u>(17,191)</u>
Gain on Sale of Housing Stock	<u>141,587</u>	<u>111,809</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£	£
On Other Loans	<u>2,387</u>	<u>7,148</u>
	2,387	7,148
Less: Interest Capitalised	<u>-</u>	<u>-</u>
	<u>2,387</u>	<u>7,148</u>

9. SURPLUS FOR ONE YEAR

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	881,078	864,050
Auditors' Remuneration - Audit Services	8,700	8,700
- Other Services	-	-
Gain on sale of fixed assets	<u>141,587</u>	<u>111,809</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME/CHARGES

	2017	2016
	£	£
Unwinding of discounted pension liabilities	<u>40,776</u>	<u>41,000</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

12. FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting	Completed Shared Ownership Properties	Total
	£	£	£
COST			
As at 1 April 2016	34,649,879	-	34,649,879
Additions	354,304	-	354,304
Disposals	(204,516)	-	(204,516)
	<hr/>	<hr/>	<hr/>
As at 31 March 2017	34,799,667	-	34,799,667
DEPRECIATION			
As at 1 April 2016	12,461,855	-	12,461,855
Charge for Year	820,557	-	820,557
Disposals	(73,625)	-	(73,625)
	<hr/>	<hr/>	<hr/>
As at 31 March 2017	13,208,787	-	13,208,787
NET BOOK VALUE			
As at 31 March 2017	<hr/> 21,590,880	<hr/>	<hr/> 21,590,880
As at 31 March 2016	<hr/> 22,188,024	<hr/>	<hr/> 22,188,024

Additions to housing properties includes capitalised development administration costs of £Nil (2016 - £Nil) and capitalised major repair costs to existing properties of £354,304 (2016 - £213,839).

All land and housing properties are heritable.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

12. FIXED ASSETS (Continued.)

b) Other Tangible Assets	Office Premises £	Land £	Commercial Premises £	Fittings & Equipment £	Total £
COST					
As at 1 April 2016	1,108,219	5,288	175,076	306,723	1,595,306
Additions	-	-	-	16,290	16,290
Eliminated on Disposals	-	-	-	-	-
As at 31 March 2017	1,108,219	5,288	175,076	323,013	1,611,596
DEPRECIATION					
As at 1 April 2016	791,033	-	175,076	249,373	1,215,482
Charge for Year	47,212	-	-	13,309	60,521
Eliminated on disposal	-	-	-	-	-
As at 31 March 2017	838,245	-	175,076	262,682	1,276,003
NET BOOK VALUE					
As at 31 March 2017	269,974	5,288	-	60,331	335,593
As at 31 March 2016	317,186	5,288	-	57,350	379,824

REIDVALE HOUSING ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

13. DEBTORS

	2017	2016
	£	£
<i>Arrears of Rent & Service Charges</i>	244,256	235,312
<i>Less: Provision for Doubtful Debts</i>	<u>(62,173)</u>	<u>(62,310)</u>
	182,083	173,002
<i>Other Receivables</i>	<u>131,482</u>	<u>140,547</u>
	<u>313,565</u>	<u>313,549</u>

14. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
<i>Trade Payables</i>	267,935	91,387
<i>Rent in Advance</i>	22,278	20,705
<i>Other Payables</i>	392,046	204,942
<i>Accruals and Deferred Income</i>	55,551	65,950
<i>Liability for Past Service Contribution arrangements</i>	<u>187,173</u>	<u>153,000</u>
	<u>924,983</u>	<u>535,984</u>

15. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2017	2016
	£	£
<i>Liability for past service contribution arrangements</i>	<u>780,377</u>	<u>1,653,000</u>
	<u>780,377</u>	<u>1,653,000</u>

All of the Association's bank borrowings were repaid in full during the year.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

16. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to net cash inflow from operating activities

	2017	2016
	£	£
Operating Surplus	229,401	221,462
Depreciation	881,078	864,050
Amortisation of Capital Grants	(610,340)	(614,209)
Change in debtors	(16)	(26,961)
Change in creditors	354,826	58,327
Gain on sale of fixed assets	-	-
Deficit contributions	(157,051)	(148,001)
SHAPS Pension Adjustment	28,168	(7,000)
	<hr/>	<hr/>
Net cash inflow from operating activities	726,066	347,668
	<hr/>	<hr/>

17. DEFERRED INCOME

	2017	2016
	£	£
<i>Social Housing Grants</i>		
Initial Grant	30,122,365	30,122,365
Amounts charged to 1 st April 2016	<u>(10,225,103)</u>	<u>(9,610,894)</u>
Balance as at 1 st April 2016	19,897,262	20,511,471
Additions in year	-	-
Released / Repaid as the result of property disposal	(193,428)	-
Amortisation in Year	(610,340)	(614,209)
	<hr/>	<hr/>
Balance as at 31 st March 2017	19,093,494	19,897,262
	<hr/>	<hr/>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

18. SHARE CAPITAL

<i>Shares of £1 each Issued and Fully Paid</i>	£
At 1 April 2016	1,406
Issued in year	57
Cancelled in year	(9)
	<hr/>
At 31 March 2017	1,454

The Association's shares carry no rights to a dividend or other distributions and are not repayable.

19. HOUSING STOCK

<i>The number of units of accommodation in management at the year end was:-</i>	2017	2016
	No.	No.
General Needs - New Build	129	129
- Rehabilitation	728	734
Supported Housing	44	44
	<hr/>	<hr/>
	901	907

20. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102

The related party relationships of the members of the Management Committee are summarised as:

- 9 Members are tenants of the Association
- 3 Members are factored owners
- Management Committee members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members were as follows:

	£
Rent Received from Tenants on the Committee	26,280
Factoring Charges received from owners on the Committee	1,843

- At the year end total rent arrears owed by the tenant members of the Committee were £3,838.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

21. DETAILS OF ASSOCIATION

The Association is a Registered Society registered within the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 13 Whitevale Street, Glasgow, G31 1QW.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing in Glasgow.

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

22. RETIREMENT BENEFIT OBLIGATIONS

SCHEME: TPT Retirement Solutions – Scottish Housing Associations' Pension Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2012. This actuarial valuation showed assets of £394m, liabilities of £698m and a deficit of £304m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2014 to 30 September 2027:	£26,304,000 per annum (payable monthly, increasing by 3% each 1st April)
---	--

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2017 to 28 February 2022:	£25,735,092 per annum (payable monthly, increasing by 3% each 1st April)
--	--

From 1 April 2017 to 30 June 2025:	£727,217 per annum (payable monthly, increasing by 3% each 1st April)
------------------------------------	---

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (Continued)

From 1 April 2017 to 31 October 2026:	£1,239,033 per annum (payable monthly, increasing by 3% each 1st April)
---------------------------------------	---

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

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

This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £930,000 (2016 - £1,805,000). This is calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 1.06%.

SCHEME: TPT Retirement Solutions – The Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2013 to 31 March 2023:	£13.9m per annum (payable monthly and increasing by 3% each on 1st April)
-------------------------------------	--

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

22. RETIREMENT BENEFIT OBLIGATIONS (Continued)

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each on 1st April)
---	---

From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each on 1st April)
---	---

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

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

This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £37,550 (2016 - £39,658). This is calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 1.06%

SUMMARY OF PENSION MOVEMENTS.

In addition as a result of the 2015 Actuarial Valuation the liability for the Pension deficit was recalculated resulting in a significant reduction to the pension deficit liability of £750,342.

The Association made payments totalling £340,437 (2016: £324,314) to the pension schemes during the year. This is inclusive of deficit payments of £254,046 (2016 - £241,715).