

# YOKER HOUSING ASSOCIATION LIMITED

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REPORT & FINANCIAL STATEMENTS 31st March 2016

Yoker Housing Association Limited

Incorporated on the 15th of June 1979

2310 Dumbarton Road, Yoker, Glasgow G14 0JS

FCA Registration No. 1998(R)S, Registered with The Scottish Housing Regulator No. HAL 208, Scottish Charity No. SC 036604

# YOKER HOUSING ASSOCIATION LIMITED

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## REPORT & FINANCIAL STATEMENTS 31st March 2016

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# YOKER HOUSING ASSOCIATION LIMITED

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## REPORT & FINANCIAL STATEMENTS 31st March 2016

### MANAGEMENT COMMITTEE, EXECUTIVES & ADVISERS

#### Management Committee

M. Walker, Chairperson (Re-elected 17.09.14)  
A. Trainer, Vice-Chairperson (Re-elected 16.09.15)  
D. Smith, Secretary (Elected 17.09.14)

Elaine Busby (Elected 16.09.15)  
Elizabeth Busby (Elected 16.09.15)  
J. Busby (Elected 17.09.14 - ceased 26.05.15)  
G. Carmichael (Elected 16.09.15 - ceased 27.10.15)  
M. Elsby (Re-elected 17.09.14 - deceased 25.04.16)  
P. Elsby (Re-elected 16.09.15)  
A. Fleming (Re-elected 16.09.15)  
Cllr G. Hendry (Co-optee - re-appointed 29.09.15)  
B. O'Hanlon (Elected 16.09.15)  
M. Parker (Appointed 24.11.15)  
O. Paz (Elected 18.09.13 - ceased 29.09.15)  
J. Porter (Elected 16.09.15)  
A. Walker (Re-elected 16.09.15 - resigned 24.11.15)  
A. Wronowska (Elected 16.09.15)

#### Executive Officer

Christopher J. Forrest B.Acc., C.A., Director

#### Registered Office

2310 Dumbarton Road  
Yoker  
Glasgow  
G14 0JS

#### Auditors (External)

Alexander Sloan  
Chartered Accountants  
38 Cadogan St  
Glasgow  
G2 7HF

#### Auditors (Internal)

Wylie & Bisset LLP  
Chartered Accountants  
168 Bath Street  
Glasgow  
G2 4TP

#### Bankers

The Bank of Scotland plc  
The Mound  
Edinburgh  
EH1 1YZ

#### Solicitors

Mitchells Robertson, Solicitors  
George House  
36 North Hanover St  
Glasgow  
G1 2AD

MacRoberts, Solicitors  
Excel House  
30 Semple St  
Edinburgh  
EH3 8BL

# YOKER HOUSING ASSOCIATION LIMITED

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## REPORT & FINANCIAL STATEMENTS 31st March 2016

### REPORT OF THE MANAGEMENT COMMITTEE

The Management Committee presents its Report and Financial Statements for the year ended 31st March 2016.

#### Legal Status

The Association is registered as a non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.1998(R)S. The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC036604.

#### Principal Activities

The Association is a Registered Scottish Charity and provides relief to those in need by reason of age, ill health (whether related to mental or physical health), disability (whether due to mental or physical health issues or learning disabilities), financial hardship or other disadvantage, both to individual persons or to a group of persons with similar needs and issues by:

1. providing, constructing, improving and managing land, accommodation and associated facilities and providing care;
2. providing or arranging home maintenance repair and improvement services and providing facilities and services for the benefit of such people either exclusively for them or together with other persons;
3. undertaking any activities which are charitable, allowed under section 58 of the Housing (Scotland) Act 2011, including any statutory amendment or re-enactment of the provisions of the section from time to time being in force; and
4. carrying on any other charitable activities permitted by registered social landlords from time to time.

#### Review of Business and Future Developments

The Association's overall aim is to help sustain the community of Yoker through the provision of quality housing and services, which will meet the diverse needs and aspirations of its customers.

The Association is also currently pursuing the development of the site of the former Blawarthill Hospital for new housing. Although this development opportunity is not likely to yield a large number of housing units, it does have funding support from Glasgow City Council. Subject to the outcome of a feasibility study into the viability of the project, it is possible that it will commence development before the end of the next financial year.

While construction and development of new housing for rent continues to be pursued by the Association, resources are also being applied to planned and major repairs and maintenance of existing housing stock. The Association is also committed to a programme of acquiring tenement properties in order to obtain or strengthen control and facilitate common repairs and improvements.

The members of the Management Committee are of the opinion that the state of affairs of the Association is satisfactory. The surplus for the year, after taxation, was £1,160,927 (2015 - £617,194). Net Assets now stand at £11,004,038 (2015 - £9,843,111).

#### The Past

The Association has 636 properties for rent and provides management services to 284 properties in the ownership of others. The Association has continued to manage and maintain these houses to a high standard, reinforcing their commitment to good quality houses at affordable rents.

#### Current year

The Association has continued to invest in its housing stock and to maintain the standard of properties that it offers to residents through its programme of planned repairs, reactive repairs and property inspections.

The Association has continued to work towards maintaining performance in repair response times, arrears levels, void property losses and customer service over the past year.

#### The Future

The Association will focus on maintaining the high levels of performance that it has achieved. The Association's overall focus will also be on working towards the objectives and targets agreed within its Business Plan and ensuring that it achieves value for money and improvement in all its areas of operation.

# YOKER HOUSING ASSOCIATION LIMITED

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## REPORT & FINANCIAL STATEMENTS 31st March 2016

### REPORT OF THE MANAGEMENT COMMITTEE (Continued)

#### Management Committee & Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Committee.

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

#### Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Societies 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 period. In preparing those Financial Statements, the Management Committee is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- prepare a statement on Internal Financial Control.

The Management Committee are 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 2014 and the Scottish Housing Regulator's Determination of Accounting Requirements 2015. 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. They are 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 statement of comprehensive income and statement of financial position, have regard to the substance of the reported transaction or arrangement in accordance with generally accepted accounting principles and practice.

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 Housing Association's auditors are unaware; and
- 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.

# YOKER HOUSING ASSOCIATION LIMITED

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## REPORT & FINANCIAL STATEMENTS 31st March 2016

### REPORT OF THE MANAGEMENT COMMITTEE (Continued)

#### Statement on Internal Financial Control

The Management Committee acknowledge their 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 misstatement 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 the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor the 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 internal financial controls are in place and are effective and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The governing body has reviewed the effectiveness of the systems of internal financial control in existence in the Association for the year ended 31 March 2016. 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.

#### Donations

During the year the Association made charitable donations amounting to £1,300.

#### Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, will be proposed at the Annual General Meeting.

By order of the Management Committee



D. Smith  
Secretary

Glasgow, 30 August 2016

# YOKER HOUSING ASSOCIATION LIMITED

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REPORT & FINANCIAL STATEMENTS 31st March 2016

## REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF YOKER HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 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 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 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 reasons given for non-compliance.

### Opinion

In our opinion the Statement on Internal Financial Control on page 4 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



ALEXANDER SLOAN  
Chartered Accountants

Glasgow, 30 August 2016

# YOKER HOUSING ASSOCIATION LIMITED

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## REPORT & FINANCIAL STATEMENTS 31st March 2016

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YOKER HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Yoker Housing Association Limited for the year ended 31st March 2016 which comprise of a statement of comprehensive income, statement of financial position, 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 (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with 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 Management Committee's Responsibilities, the Association's Management Committee are responsible for the preparation of 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 31st March 2016 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, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

#### Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the statement of Comprehensive Income to which our report relates, and the Statement of Financial Position are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purpose of our audit.

We have nothing to report in respect of these matters.

  
ALEXANDER SLOAN  
Chartered Accountants  
Statutory Auditors

Glasgow, 30 August 2016



# YOKER HOUSING ASSOCIATION LIMITED

## REPORT & FINANCIAL STATEMENTS 31st March 2016

### STATEMENT OF COMPREHENSIVE INCOME for the Year Ended 31st March 2016

	Notes	2016	2015
		£	£
REVENUE	2	3,072,345	2,948,856
Operating Costs	2	<u>(2,411,445)</u>	<u>(2,220,948)</u>
OPERATING SURPLUS	9	660,900	727,908
Gain on Sale of Housing Stock	7	-	30
Interest Receivable and Other Income		13,255	6,929
Interest Payable and Similar Charges	8	-	-
Movement in Fair Value of Financial Instruments	11	505,452	-
Other Finance Income / (Charges)	12	<u>(18,680)</u>	<u>(117,673)</u>
		500,027	(110,714)
SURPLUS FOR YEAR		<u>1,160,927</u>	<u>617,194</u>

The Notes on pages 11 to 21 form part of this report and financial statements. All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Social Housing Statement of Recommended Practice and Financial Reporting Standard 102.

# YOKER HOUSING ASSOCIATION LIMITED

## REPORT & FINANCIAL STATEMENTS 31st March 2016

### STATEMENT OF FINANCIAL POSITION as at the 31st of March 2016

	Notes	2016		2015	
		£	£	£	£
<b>NON CURRENT ASSETS</b>					
Housing Properties - Depreciated Cost	13		32,974,911		33,500,182
Other Non Current Assets	13		1,449,542		1,485,610
			<u>34,424,453</u>		<u>34,985,792</u>
<b>CURRENT ASSETS</b>					
Inventories		3,699		3,656	
Receivables	16	254,111		67,355	
Cash at bank and in hand		1,918,918		1,596,500	
			<u>2,176,728</u>	<u>1,667,511</u>	
<b>PAYABLES:</b> Amounts falling due within one year	17	(657,330)		(556,871)	
			<u>1,519,398</u>	<u>1,110,640</u>	
<b>NET CURRENT ASSETS</b>					
			<u>35,943,851</u>	<u>36,096,432</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
<b>PAYABLES:</b> Amounts falling due after more than one year	18	(429,193)		(1,003,328)	
<b>DEFERRED INCOME</b>					
Social Housing Grants	20	(24,510,620)		(25,249,993)	
			<u>(24,510,620)</u>	<u>(25,249,993)</u>	
<b>NET ASSETS</b>					
			<u><u>11,004,038</u></u>	<u><u>9,843,111</u></u>	
<b>EQUITY</b>					
Share Capital	21		443		443
Revenue Reserves			11,003,595		9,842,668
			<u>11,004,038</u>		<u>9,843,111</u>

Comparative figures have been re-stated to reflect the adoption of the Social Housing Statement of Recommended Practice and Financial Reporting Standard 102.

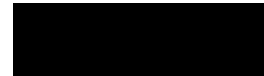
Signed on behalf of the Management Committee on the 30th of August 2016



M Walker  
*Chairperson*



A Trainer  
*Vice-Chairperson*



D Smith  
*Secretary*

# YOKER HOUSING ASSOCIATION LIMITED

## REPORT & FINANCIAL STATEMENTS 31st March 2016

### STATEMENT OF CASH FLOWS for the year ended 31st March 2016

	Notes	2016	2015
		£	£
<b>Net Cash Inflow from Operating Activities</b>	19	947,785	730,003
<b>Investing Activities</b>			
Acquisition and Construction of Properties		(537,065)	(1,430,936)
Purchase of Other Fixed Assets		(30,588)	(22,995)
Social Housing Grant Received		1,165	936,615
Social Housing Grant Repaid		(80,660)	(47,187)
Proceeds on Disposal of Properties		-	56,232
Proceeds on Disposal of Other Fixed Assets		8,500	18,500
<b>Net Cash (Outflow) from Investing Activities</b>		<b>(638,648)</b>	<b>(489,771)</b>
<b>Net Cash Inflow before use of Liquid Resources and Financing</b>		<b>309,137</b>	<b>240,232</b>
<b>Financing Activities</b>			
Interest Received on Cash and Cash Equivalents		13,255	6,034
Interest Paid on Loans		-	-
Loan Advances Received		-	-
Loan Principal Repayments		-	(3)
Share Capital Issued		26	58
<b>Net Cash Inflow from Financing Activities</b>		<b>13,281</b>	<b>6,089</b>
<b>Increase in Cash</b>		<b>322,418</b>	<b>246,321</b>
<b>Opening Cash and Cash Equivalents</b>		<b>1,596,500</b>	<b>1,350,179</b>
<b>Closing Cash and Cash Equivalents</b>		<b>1,918,918</b>	<b>1,596,500</b>

# YOKER HOUSING ASSOCIATION LIMITED

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## REPORT & FINANCIAL STATEMENTS 31st March 2016

### STATEMENT OF CHANGES IN EQUITY for the Year Ended 31st March 2016

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1st April 2015	443	9,842,668	9,843,111
Issue of Shares	26	-	26
Cancellation of Shares	(26)	-	(26)
Surplus For Year	-	1,160,927	1,160,927
Balance as at 31st March 2016	<u>443</u>	<u>11,003,595</u>	<u>11,004,038</u>

# YOKER HOUSING ASSOCIATION LIMITED

## REPORT & FINANCIAL STATEMENTS 31st March 2016

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. PRINCIPAL ACCOUNTING POLICIES

##### Statement of Compliance

These financial statements were 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. The Association is a public benefit entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods beginning on or after the 1st of January 2015.

##### Revenue

The Association recognises rent receivable net of losses from voids. Service charge income (net of voids) is recognised when 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 Associations 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 FRS102. 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 a 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.

<u>Component</u>	<u>Useful Economic Life</u>
Structure	50 yrs
Windows	25 yrs
Central heating boilers	15 yrs
Central heating infrastructure	25 yrs
Kitchens	15 yrs
Bathrooms	15 yrs
Electrical infrastructure	25 yrs
Lifts	25 yrs

##### Depreciation and Impairment of Other Non-Current Assets

Non-Current 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	- 2%
Furniture and equipment	- 25%
Motor vehicles	- 20%

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

# YOKER HOUSING ASSOCIATION LIMITED

## REPORT & FINANCIAL STATEMENTS 31st March 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1. PRINCIPAL ACCOUNTING POLICIES (Continued)

##### **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 they relate.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period 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**

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

##### **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 Yoker Housing Association Limited'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:

##### 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.

##### **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.

##### **Key Judgements made in the application of Accounting Policies**

##### a) Exemptions taken in the transition to FRS 102

The Association has considered and taken advantage of the following exemptions in its first time application of FRS 102:

i) The Association has not re-visited previous accounting estimates.

##### b) 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 FRS102.

##### c) Identification of cash generating units

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

##### d) Pension Liability

We have calculated the SHAPS past service deficit liability using the latest completed valuation, this being based upon the 2015 triennial valuation, and believe this represents a fair estimate of the liability due at the balance sheet date.

##### **Financial Instruments - Basic**

The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

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

# YOKER HOUSING ASSOCIATION LIMITED

REPORT & FINANCIAL STATEMENTS 31st March 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 2. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS

		2016			2015		
	Notes	Revenue	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Affordable Letting Activities	3	3,039,158	(2,378,652)	660,506	2,914,336	(2,201,348)	712,988
Other Activities	4	33,187	(32,793)	394	34,520	(19,600)	14,920
<b>Total</b>		<b>3,072,345</b>	<b>(2,411,445)</b>	<b>660,900</b>	<b>2,948,856</b>	<b>(2,220,948)</b>	<b>727,908</b>

## 3. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing	2016 Total	2015 Total
	£	£	£
<b>Turnover from affordable letting activities</b>			
Rent receivable net of service charges	2,054,495	2,054,495	1,973,668
Service charges receivable	17,501	17,501	26,275
<b>Gross income from rents and service charges</b>	<b>2,071,996</b>	<b>2,071,996</b>	<b>1,999,943</b>
Less: Rent losses from voids - lettable	(1,629)	(1,629)	(967)
- unlettable	(15,817)	(15,817)	(7,712)
<b>Net income from rents and service charges</b>	<b>2,054,550</b>	<b>2,054,550</b>	<b>1,991,264</b>
Grants released from deferred income	893,397	893,397	895,721
Revenue grants from Scottish Ministers	91,211	91,211	27,351
<b>Total turnover from affordable letting activities</b>	<b>3,039,158</b>	<b>3,039,158</b>	<b>2,914,336</b>
<b>Expenditure on social letting activities</b>			
Management and maintenance administration costs	554,438	554,438	548,682
Service costs	19,537	19,537	25,403
Planned and cyclical maintenance including major repair costs	464,345	464,345	261,985
Reactive maintenance costs	253,808	253,808	300,876
Bad debts - rents and service charges	33,818	33,818	14,638
Depreciation of affordable let properties	1,052,706	1,052,706	1,049,764
<b>Operating costs for affordable letting activities</b>	<b>2,378,652</b>	<b>2,378,652</b>	<b>2,201,348</b>
<b>Operating surplus for affordable letting activities</b>	<b>660,506</b>	<b>660,506</b>	<b>712,988</b>

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been stated to reflect the requirements of the Social Housing Statement of Recommended Practice and Financial Reporting Standard 102. Comparative figures have been re-stated on the same basis.

# YOKER HOUSING ASSOCIATION LIMITED

REPORT & FINANCIAL STATEMENTS 31st March 2016

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers £	Other Revenue Grants £	Other Income £	Total Revenue £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus / (Deficit) 2016 £	Operating Surplus / (Deficit) 2015 £
Wider role activities	-	-	-	-	-	-	-	(145)
Factoring	-	-	33,187	33,187	(16,595)	(16,198)	394	15,065
<b>Total from other activities</b>	<b>-</b>	<b>-</b>	<b>33,187</b>	<b>33,187</b>	<b>(16,595)</b>	<b>(16,198)</b>	<b>394</b>	<b>14,920</b>
<b>2015</b>	<b>-</b>	<b>-</b>	<b>34,520</b>	<b>34,520</b>	<b>(5,977)</b>	<b>(13,623)</b>	<b>14,920</b>	

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been stated to reflect the requirements of the Social Housing Statement of Recommended Practice and Financial Reporting Standard 102. Comparative figures have been re-stated on the same basis.

### 5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or employees of the Association. One officer of the Association received emoluments (excluding pension contributions) greater than £60,000 as follows:

	2016 £	2015 £
Gross salary	81,204	79,600
Car benefit	1,749	2,979
Professional subscriptions	446	438
<b>Total emoluments payable to Chief Executive (excluding pension contributions)</b>	<b>83,399</b>	<b>83,017</b>

The Chief Executive is an ordinary member of the Association's pension scheme described in notes 1 and 25. No enhanced or special terms apply to his membership and he has no other pension arrangements to which the Association contributes. The Association's contributions for the Chief Executive in the year amounted to £9,954 (2015 - £9,759).

### 6. EMPLOYEE INFORMATION

	2016 No.	2015 No.
The average monthly number of full time equivalent persons employed during the year was	8	8
The average total number of persons employed during the year was	9	9
Staff Costs were:	£	£
Wages and Salaries	292,958	286,045
Social Security Costs	18,554	23,399
Other Pension Costs	32,063	28,465
	<b>343,575</b>	<b>337,909</b>



# YOKER HOUSING ASSOCIATION LIMITED

REPORT & FINANCIAL STATEMENTS 31st March 2016

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7. GAIN ON SALE OF HOUSING STOCK

	2016	2015
	£	£
Sales Proceeds	-	57,600
Abatement of Social Housing Grant - Right To Buy Sales	-	11,352
	<u>-</u>	<u>68,952</u>
Cost of Sales	-	(68,922)
	<u>-</u>	<u>(68,922)</u>
Gain On Sale Of Housing Stock	<u>-</u>	<u>30</u>

### 8. INTEREST PAYABLE

	2016	2015
	£	£
On Bank Loans & Overdrafts	-	-
	<u>-</u>	<u>-</u>

### 9. OPERATING SURPLUS

	2016	2015
	£	£
The Operating Surplus is stated after charging:-		
Depreciation - tangible owned fixed assets	1,109,987	1,105,850
Auditors' remuneration - audit services	6,660	6,350
Loss on sale of fixed sssets	876	1,464
	<u>876</u>	<u>1,464</u>

### 10. TAX ON SURPLUS FOR YEAR

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

### 11. MOVEMENT IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	2016	2015
	£	£
Movement in fair value of pension past service deficit liability	505,452	-
	<u>505,452</u>	<u>-</u>

### 12. OTHER FINANCE INCOME / (CHARGES)

	2016	2015
	£	£
Unwinding of discounted liabilities	(18,680)	(117,673)
	<u>(18,680)</u>	<u>(117,673)</u>

# YOKER HOUSING ASSOCIATION LIMITED

REPORT & FINANCIAL STATEMENTS 31st March 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 13. NON CURRENT ASSETS

### a) Housing Properties

	Held for Letting £	In course of Construction £	Total £
<b>COST</b>			
At 1st April 2015	49,597,456	131,463	49,728,919
Additions	537,065	-	537,065
Scheme Transfers	-	-	-
Disposals	(122,506)	-	(122,506)
At 31st March 2016	<u>50,012,015</u>	<u>131,463</u>	<u>50,143,478</u>
<b>DEPRECIATION</b>			
At 1st April 2015	16,228,737	-	16,228,737
Eliminated on Disposals	(97,210)	-	(97,210)
Charge for Year	1,037,040	-	1,037,040
At 31st March 2016	<u>17,168,567</u>	<u>-</u>	<u>17,168,567</u>
<b>NET BOOK VALUE</b>			
At 31st March 2016	<u>32,843,448</u>	<u>131,463</u>	<u>32,974,911</u>
At 31st March 2015	<u>33,368,719</u>	<u>131,463</u>	<u>33,500,182</u>

Additions to housing properties includes capitalised development administration costs of Enil (2015 - Enil).

All housing properties are freehold.

### b) Other Non Current Assets

	Office Office Premises £	Motor Vehicles £	Furniture & Equipment £	Total £
<b>COST</b>				
At 1st April 2015	1,659,251	56,231	125,988	1,841,470
Additions	-	23,445	7,143	30,588
Disposals	-	(18,940)	(5,641)	(24,581)
At 31st March 2016	<u>1,659,251</u>	<u>60,736</u>	<u>127,490</u>	<u>1,847,477</u>
<b>AGGREGATE DEPRECIATION</b>				
At 1st April 2015	207,597	27,218	121,045	355,860
Eliminated on Disposals	-	(9,564)	(5,641)	(15,205)
Charge for year	41,769	10,947	4,564	57,280
At 31st March 2016	<u>249,366</u>	<u>28,601</u>	<u>119,968</u>	<u>397,935</u>
<b>NET BOOK VALUE</b>				
At 31st March 2016	<u>1,409,885</u>	<u>32,135</u>	<u>7,522</u>	<u>1,449,542</u>
At 31st March 2015	<u>1,451,654</u>	<u>29,013</u>	<u>4,943</u>	<u>1,485,610</u>

# YOKER HOUSING ASSOCIATION LIMITED

REPORT & FINANCIAL STATEMENTS 31st March 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 14. CAPITAL COMMITMENTS

	2016	2015
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>-</u>	<u>-</u>

## 15. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2016	2015
	£	£
<b>Office Equipment</b>		
Expiring within one year	<u>-</u>	<u>-</u>

## 16. RECEIVABLES: Amounts Receivable within One Year

	2016	2015
	£	£
Arrears of Rent & Service Charges	105,185	77,707
Less: Provision for Doubtful Debts	<u>(91,649)</u>	<u>(65,336)</u>
	13,536	12,371
Social Housing Grant Receivable	179,182	16,694
Other Receivables	24,558	20,890
Prepayments and Accrued Income	<u>36,835</u>	<u>17,400</u>
	<u>254,111</u>	<u>67,355</u>

## 17. PAYABLES: Amounts falling due within one year

	2016	2015
	£	£
Trade Payables	303,861	158,881
Rent in Advance	94,156	98,020
Social Housing Grant in Advance	-	80,660
Other Taxation and Social Security	7,238	8,340
Other Payables	53,038	43,932
Pension Past Service Deficit Liability	85,517	83,164
Accruals and Deferred Income	<u>113,520</u>	<u>83,874</u>
	<u>657,330</u>	<u>556,871</u>

# YOKER HOUSING ASSOCIATION LIMITED

## REPORT & FINANCIAL STATEMENTS 31st March 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 18. PAYABLES: Amounts falling due after more than one year

	2016	2015
	£	£
Pension Past Service Deficit Liability due - within one year	85,517	83,164
- in one year or more but less than two years	86,110	83,798
- in two years or more but less than five years	261,934	255,252
- in more than five years	81,149	664,278
	<u>514,710</u>	<u>1,086,492</u>
Less: included within current liabilities	(85,517)	(83,164)
	<u>429,193</u>	<u>1,003,328</u>

The liability for the past service deficit contributions has been accounted for in accordance with Financial Reporting Standard 102, paragraph 28.13A and represents the present value of the contributions payable. The cash outflows have been discounted at a rate of 2.29% (2015 - 2.22%).

#### 19. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 1st April 2015</i>	2016	2015
	£	£
Operating Surplus	660,900	727,908
Depreciation	1,109,987	1,105,850
Amortisation of Social Housing Grants	(893,397)	(895,721)
(Increase) / Decrease in Stocks	(43)	267
(Increase) / Decrease in Receivables	(24,268)	12,626
(Decrease) in Payables	(393,016)	(104,676)
Loss on Disposal of Other Fixed Assets	876	1,464
Movement in fair value of pension past service deficit liability	505,452	-
Unwinding of Discount on Pension Liability	(18,680)	(117,673)
Share Capital Written Off	(26)	(42)
Net Cash Inflow from Operating Activities	<u>947,785</u>	<u>730,003</u>

#### 20. DEFERRED INCOME

	2016	2015
	£	£
<u>Social Housing Grants</u>		
Balance as at 1st April 2015	25,249,993	25,338,013
Additions in year	163,653	872,649
Released / repaid as a result of property disposals	-	(58,540)
Released as a result of component disposals	(9,629)	(6,408)
Amortised in year	(893,397)	(895,721)
Balance as at 31st March 2016	<u>24,510,620</u>	<u>25,249,993</u>
This is expected to be released to the Statement of Comprehensive Income as follows:		
Within one year	893,396	893,396
In more than one year	23,617,224	24,356,597
	<u>24,510,620</u>	<u>25,249,993</u>

# YOKER HOUSING ASSOCIATION LIMITED

## REPORT & FINANCIAL STATEMENTS 31st March 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 21. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2015	443
Issued in year	26
Cancelled in year	(26)
At 31st March 2016	<u>443</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding-up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

#### 22. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2016	2015
	No.	No.
General Needs - New Build	130	130
- Improved	504	501
- Unimproved	2	2
	<u>636</u>	<u>633</u>

#### 23. 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 follows:

- eleven members are tenants of the Association
- one member is a factored owner
- one member is a local councillor

Those committee members that are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage. Any transaction between the Association and an entity with which a Management Committee member has a connection is made at arm's length and under normal commercial terms.

Transactions with Management Committee members (and their close family) were as follows:

- rent received from tenants on the Management Committee amounted to £43,639
- factoring charges received from owners on the Management Committee amounted to £1,844

At the year end total rent arrears owed by the tenant members of the Management Committee amounted to £57.

# YOKER HOUSING ASSOCIATION LIMITED

## REPORT & FINANCIAL STATEMENTS 31st March 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 24. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 2310 Dumbarton Road, Yoker, Glasgow G14 0JS.

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

#### 25. RETIREMENT BENEFIT OBLIGATIONS

##### General

Yoker Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ("the Scheme").

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

The Scheme operates on a "last man standing" basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, the liability of the withdrawing employer is re-apportioned amongst the remaining employers. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employers in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para28.11A of Financial Reporting Standard 102. At the 31st of March 2016 the present value of this obligation was £514,710 (2015: £1,086,492). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. The discount rate used was 2.29%.

The Association made payments totalling £117,073 (2015: £111,081) to the pension scheme during the year.

# YOKER HOUSING ASSOCIATION LIMITED

## REPORT & FINANCIAL STATEMENTS 31st March 2016

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 26. TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Association has adopted the Financial Reporting Standard for the UK & Ireland (FRS 102) for the accounting period beginning on the 1st of April 2015. As a result of this the comparative figures for the period ending the 31st of March 2015 have been restated in accordance with FRS 102.

The transition to FRS 102 has resulted in a number of changes in accounting policies compared with those used previously.

The following describes the difference between the assets and liabilities and income and expenditure as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ending 31st March 2016.

		<u>Reconciliation of Capital &amp; Reserves</u>					
		<u>At 31 March 2015</u>			<u>At 31 March 2014</u>		
	Note	As stated previously	Effect of transition	As re-stated	As stated previously	Effect of transition	As re-stated
		£	£	£	£	£	£
Non Current Assets	(i)	7,046,614	27,939,178	34,985,792	6,833,957	27,897,679	34,731,637
Current Assets		1,667,511	-	1,667,511	1,416,492	-	1,416,492
Current Liabilities	(ii)	(473,707)	(83,798)	(557,505)	(532,777)	(79,884)	(612,661)
Non Current Liabilities	(ii)	-	(1,002,694)	(1,002,694)	(3)	(971,551)	(971,554)
Deferred Income	(i)	-	(25,249,993)	(25,249,993)	-	(25,338,013)	(25,338,013)
Capital & Reserves		<u>8,240,418</u>	<u>1,602,693</u>	<u>9,843,111</u>	<u>7,717,669</u>	<u>1,508,231</u>	<u>9,225,901</u>

		<u>Reconciliation of Retained Surplus for the Year ended 31 March 2015</u>		
	Note	As stated previously	Effect of transition	As re-stated
		£	£	£
Revenue	(i)	2,025,784	923,072	2,948,856
Operating Costs	(i) & (ii)	(1,513,112)	(707,836)	(2,220,948)
Other Income	(i)	3,131	(3,101)	30
Interest Receivable		6,929	-	6,929
Interest Payable		-	-	-
Change in Fair Value of Financial Instruments		-	-	-
Other Financial Income / Costs		-	(117,673)	(117,673)
Surplus		<u>522,732</u>	<u>94,462</u>	<u>617,194</u>

#### *Notes to the Reconciliations*

(i) Social Housing Grants and other grants have been accounted for in accordance with the SORP which has meant that grants are no longer deducted from the cost of the capital asset, but are instead treated as deferred income which is recognised in income over the useful life of the related asset.

(ii) As the Association has entered into an agreement to make contributions to fund a deficit in the SHAPS pension scheme this has been recognised as a liability in accordance with the FRS. This liability was not previously recognised and payments made under this agreement were written off as operating costs.

(iii) The liability recognised as a result of (ii) above has been discounted to its present value. The unwinding of the discount is recognised as a finance cost in accordance with FRS 102 para 28.13A.