

**FORTH HOUSING ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015**

Register of the Industrial and Provident Societies No. 2268 RS

Registered Housing Association No. HAL 110

Registered Charity No. SC 003550

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

**FORTH HOUSING ASSOCIATION LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**

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**FORTH HOUSING ASSOCIATION LIMITED  
MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS**

**Committee of Management**

Margaret Turner	(Chairperson)
Gordon Mason	(Secretary)
Iain Mclean	(Vice Chair)
Clark Davidson	(Treasurer)
John Fyfe	
Linda Mason	
Audrey Anderson	
Neil MacLeod	
David Cumming	
Patrick Heneghan	
Gerry McLaughlan	
Robert Buchanan	
Cllr Violet Weir	Stirling Council Attendee
Pamela Brown	Resigned 23 February 2015

**Bankers**

Clydesdale Bank plc  
Suite 2  
Ochil House  
Springkerse Business Park  
Stirling  
FK7 7XE

**Solicitors**

T C Young LLP  
7 West George Street  
Glasgow  
G2 1BA

**Executive Officers**

John Cameron (Director)

**Registered Office**

4th Floor Wallace House  
17-21 Maxwell Place  
Stirling  
FK8 1JU

**Auditor**

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

**Finance Agent**

FMD Financial Services Ltd  
KCEDG Commercial Centre  
Unit 29  
Ladyloan Place  
Glasgow  
G15 8LB

The Management Committee presents its report and the audited financial statements for the year ended 31 March 2015.

### **Structure, governance and management**

#### **Legal Status**

The Association is a registered Scottish charity, reference number SC003550 and a registered company under the provision of the Co-operative and Community Benefit Societies Act 2014, registered number 2268 RS. The Association is governed by its rules which were approved at a special general meeting in November 2014.

#### **The Management Committee and Executive Officers**

The Management Committee and Executive Officers of the Association are listed on page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officer of the Association holds no interest in the Association's share capital and, although not having the legal status of a director, acts as an executive officer 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.

#### **Governance**

The Management Committee meets at monthly intervals during the year to review and consider the principal operational, strategic and risk matters arising in connection with the Association's affairs.

Each monthly meeting focuses on a particular aspect of the Association's business and obtains comprehensive monitoring reports relating to this function. This allows close monitoring of performance against our key performance targets and benchmarking information for similar landlords.

In addition each meeting also reviews a number of policies to ensure that each policy statement is reviewed at least every three years. These reviews consider existing operations, legislation and good practice guidance.

The Management Committee meetings also consider significant strategic and operational matters as and when required. Although this may involve additional focus meetings and/or issues being considered by small focus groups, final decision making is retained by the full committee.

#### **Objectives and activities**

The principal activity of the Association is the provision of affordable rented accommodation and low cost home ownership for those in greatest need. The Association has set the following strategic objectives which are reviewed on an annual basis as part of the internal management planning process.

- To strive to meet the recognised standards for Social Landlords and to establish the necessary internal monitoring procedures.
- To provide sensitive management of properties to the highest possible standards.
- To allocate houses by implementing a clear, impartial and comprehensive system of processing all requests for tenancy from whatever source.
- To facilitate tenant participation by ensuring tenants have the opportunity to influence decisions and take part in matters which affect the quality of their lives.
- To provide housing which focuses on tenant comfort and security, low running costs, high thermal insulation, low maintenance costs, barrier free environment and environmental sustainability.
- To ensure financial viability by making the best use of resources in all the Association's activities whilst ensuring risk management principals are adhered to.
- To demonstrate commitment to community development through wider role activity.
- To ensure that staff, Committee members and tenants have the opportunity to undertake the type and level of development which support the achievement of the aims and objectives of the Association.

**FORTH HOUSING ASSOCIATION LIMITED  
REPORT OF THE MANAGEMENT COMMITTEE  
FOR THE YEAR ENDED 31 MARCH 2015 (Continued)**

**Achievements, Performance and Financial Review**

An updated Internal Management Plan was adopted with effect from 1 April 2014. This plan outlines the strategic and operational ambitions of the associations and outlined SMART objectives and targets. These formed the basis for monitoring and reporting during the period.

The Association's financial performance remains subject to close scrutiny by Management Committee on a quarterly basis and before any major capital expenditure, through new housing development, is undertaken.

The organisation has the use of modern office facilities with a full suite of modern IT facilities. These are well suited to current working practices and have been secured on a long lease with a competitive rental.

Strategic co-operation with Stirling Council and Raploch Urban Regeneration Company remain a priority for the Association. During the year work began to build 16 new homes with grant assistance. Agreement was also reached regarding Strategic Housing Objectives for the next 5 year period and involves a programme of a further 86 homes over the period.

The Association continues to have a low level of engagement with the Scottish Housing Regulator, which reflects the good performance against KPIs.

Collaboration with Rural Stirling and Ochil View Housing Associations continues via the Strath For Housing Alliance. This is a non constituted collaboration through which the three organisations are progressing closer working relationships and seeking to identify service improvements and/or economies of operation which can be achieved without losing local autonomy. Specific collaborations throughout the year included shared procurement of painter work services and kitchen replacements along with comprehensive benchmarking of costs and performance.

External consultants continue to be utilised as required, to provide specialist advice and assistance to the Management Committee.

**Plans for Future Periods**

The Associations Management Committee are committed to ongoing development of new homes provided that grant funding remains available at an appropriate level. Long term financial projections indicate that the proposed development programme outlined above can be procured without the Association requiring to secure any further long term loans. In addition projections indicate that the Association should be able to restrict future rent increases broadly in line with inflation.

Whilst the primary focus of the Association remains the provision of new build housing and quality services for our tenants, the Association will continue to seek opportunities to develop additional services which will benefit our existing and future tenants. It is envisaged that this activity will involve the further development of partnership approaches and/or the securing of additional grant funding.

**Changes in Fixed Assets**

Details of fixed assets are set out in Note 9.

### **Statement of Management Committee's Responsibilities**

The Management Committee is responsible for preparing the financial statements in accordance with the applicable law and United Kingdom Generally Accepted Accounting Practice.

Statute 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 Housing Association and of the surplus or deficit of the Housing Association for that year. In preparing those financial statements, the Management Committee is required to fulfil the following obligations:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Housing Association will continue its business; and
- 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 Scottish Housing Regulator's Determination of Accounting Requirements (April 2012) and the Statement of Recommended Practice for Registered Social Landlords (SORP 2010). 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.

The Management Committee confirms that the financial statements comply with the above requirements.

### **Statement on Internal Financial Control**

The Management Committee acknowledges its ultimate responsibility for ensuring that the RSL 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;
- the safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain the 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 in relation 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 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;

**Statement on Internal Financial Control (Continued...)**

- 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 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 and external audit reports.

The Management Committee has reviewed the effectiveness of the systems of internal financial control in existence in the Association for the year ended 31st March 2015. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's on the financial statements.

**Related party transactions**

Two of the Committee members are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

**Raising Standards Guidance on Internal Financial Control and Financial Reporting**

The Association considers that it has complied with all guidance on "Internal financial control and financial control and financial reporting" produced by the Scottish Housing Regulator, the Scottish Federation of Housing Associations and endorsed by the Scottish Housing Regulator.

**Statement of disclosure to auditor**

In so far as the Management Committee are aware

- (a) there is no relevant audit information of which the Association's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as members of the committee in order to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

**Auditor**

A resolution to re-appoint French Duncan LLP as auditor to the Association will be put to the members at the Annual General Meeting.

By order of the committee

Gordon Mason  
Secretary

Date:

**FORTH HOUSING ASSOCIATION LIMITED**

**REPORT BY THE AUDITORS TO THE MEMBERS  
FORTH HOUSING ASSOCIATION LIMITED  
ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 4 and 5 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 2005/6 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 pages 4 and 5 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.

**FRENCH DUNCAN LLP**

Statutory Auditor  
133 Finnieston Street  
GLASGOW  
G3 8HB

Date:



**FORTH HOUSING ASSOCIATION LIMITED  
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS  
FOR THE YEAR ENDED 31ST MARCH 2015**

We have audited the financial statements of Forth Housing Association Limited for the year ended 31 March 2015 on pages 8 to 24. 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 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Committee and auditor**

As explained more fully in the Committee's Responsibilities Statement set out on page 4, the Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private/cfm](http://www.frc.org.uk/apb/scope/private/cfm).

**Opinion on financial statements**

In our opinion the financial statements:

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

**Matters arising on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

**FRENCH DUNCAN LLP**

Statutory Auditor  
133 Finnieston Street  
Glasgow  
G3 8HB

Date:

**FORTH HOUSING ASSOCIATION LIMITED  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2015**

		2015	2014
	Notes	£	£
<b>TURNOVER</b>	2	<b>2,760,876</b>	3,362,816
Operating costs	2	<b>1,734,117</b>	2,348,133
<b>OPERATING SURPLUS</b>	6	<b>1,026,759</b>	1,014,683
Gain on sale of assets		-	15,727
Interest receivable and other income		<b>26,083</b>	34,709
Interest payable	7	<b>(172,184)</b>	(215,713)
<b>TOTAL SURPLUS FOR YEAR BEFORE TAXATION</b>		<b>880,658</b>	849,406
Tax on surplus on ordinary activities	8	-	-
<b>SURPLUS FOR YEAR</b>		<b>880,658</b>	849,406

**STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS**

	2015	2014
	£	£
Surplus for the year	<b>880,658</b>	849,406
Release of Revaluation Reserve	<b>45,292</b>	45,292
Unrealised loss on revalued properties	-	-
<b>TOTAL SURPLUSES AND DEFICITS RECOGNISED SINCE LAST ANNUAL REPORT</b>	<b>925,950</b>	894,698

The results for the year relate wholly to continuing activities.

The notes on pages 11 to 24 form part of these Financial Statements.

**FORTH HOUSING ASSOCIATION LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 2015**

		2015	2014
	Notes	£	£
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties – cost and valuation less depreciation		<b>62,051,780</b>	59,361,314
Less: HAG and other grants	9a	<b>(37,338,425)</b>	(35,923,643)
	9a	<b>24,713,355</b>	<b>23,437,671</b>
NSSE Loan		-	792,750
NSSE Grant		-	(792,750)
		-	-
Other fixed assets	9b	<b>26,378</b>	41,139
		<b>24,739,733</b>	23,478,810
<b>CURRENT ASSETS</b>			
Debtors	10	<b>144,147</b>	620,793
Cash at bank and in hand		<b>2,335,365</b>	3,469,860
		<b>2,479,512</b>	4,090,653
<b>CURRENT LIABILITIES</b>			
Creditors: amounts falling due within one year	11	<b>(1,161,114)</b>	(1,451,566)
<b>NET CURRENT ASSETS</b>		<b>1,318,398</b>	2,639,087
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>26,058,131</b>	26,117,897
Creditors: amounts falling due after one year	12	<b>(15,282,665)</b>	(15,905,516)
		<b>10,775,466</b>	<b>10,212,381</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	<b>67</b>	71
Designated reserves	14	<b>4,038,620</b>	3,201,995
Revenue reserves	15	<b>810,510</b>	721,185
Revaluation reserve	15	<b>5,926,269</b>	6,289,130
		<b>10,775,466</b>	10,212,381

Approved by the Management Committee at its meeting on

**Margaret Turner**  
CHAIRPERSON

**Clark Davidson**  
TREASURER

**Gordon Mason**  
SECRETARY

The notes on pages 11 to 24 form part of these Financial Statements.

**FORTH HOUSING ASSOCIATION LIMITED  
STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED 31 MARCH 2015**

		2015	2014
	Notes	£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	16	<b>1,635,604</b>	1,035,737
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		26,083	34,709
Interest paid		(172,184)	(215,713)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>(146,101)</b>	(181,004)
<b>TAXATION</b>			
Tax paid		-	-
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Cash paid for development, construction and purchase of housing		(3,453,973)	(1,756,180)
Cash paid for purchase of other fixed assets		-	(1,019)
Social Housing Grant received		1,472,070	728,949
Other grants received		-	43,821
Receipt from property sales		-	717,250
Receipt from Shared Ownership Sales		-	22,884
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(1,981,903)</b>	(244,295)
<b>NET CASH (OUTFLOW) / INFLOW BEFORE FINANCING</b>		<b>(492,400)</b>	610,438
<b>FINANCING</b>			
Loan finance received		-	-
Loans repaid		(642,095)	(1,837,669)
Shares issued		-	-
<b>NET CASH (OUTFLOW) FROM FINANCING</b>		<b>(642,095)</b>	(1,837,669)
<b>(DECREASE) IN CASH</b>	17	<b>(1,134,495)</b>	(1,227,230)

The notes on pages 11 to 24 form part of these Financial Statements.

## 1 ACCOUNTING POLICIES

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered by The Registrar of Friendly Societies. The financial statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice 2010 and comply with the Scottish Housing Regulator Determination of Accounting Requirements (April 2012). The principal accounting policies are set out below.

### **Basis of Accounting**

The financial statements are prepared under the historical cost convention, subject to the revaluation of its housing stock.

### **Grants**

Housing Association Grants (HAG) are made by the Scottish Government and are utilised to reduce the capital costs of an approved scheme to an amount of required loan finance which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on qualifying costs of the scheme in accordance with instructions issued from time to time by the Scottish Government. HAG is repayable under certain circumstances, primarily following sale of property, but will normally be restricted to net proceeds of sale.

Revenue grants are credited to income in the period to which they relate.

### **Tangible Fixed Assets - Housing Properties**

Shared ownership properties held for letting and housing properties in course of construction are stated at cost. The development cost of these includes the following:

- (i) cost of acquiring land and buildings;
- (ii) development expenditure;
- (iii) internal administration costs relating to the acquisition and development of housing properties; and
- (iv) clerk of works costs.

These costs are termed "qualifying costs" by the Scottish Government for approved Housing Association Grant schemes.

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

Housing properties held for letting are stated at valuation. The last valuation was carried out at 31 March 2013

## 1 ACCOUNTING POLICIES (Continued)

### Depreciation - Housing Properties

The Association adopted component accounting in 2012. Properties other than heritable land are depreciated in accordance with FRS15 at rates calculated to reduce the net book value of each component of the property to its estimated residual value, on a straight line basis, over the expected remaining life of the component. Heritable land is not depreciated. The estimated useful lives of the assets and components are shown in the table below:

Windows / Doors	30 years	Bathrooms	30 years
Boilers	12 - 15 years	Heating Systems	30 years
Kitchens	17 - 20 years	Rewiring	30 years
Structure	83 - 100 years		

### Depreciation - Other Fixed Assets

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged by equal instalments commencing in the year of acquisition at rates estimated to write off the costs less any residual value over the expected economic lives at the annual rates shown below:

Office equipment, fixtures and fittings	-	15% per annum
Computer equipment	-	25% per annum

### Works to existing housing properties

Where work on existing housing properties is classed as components it is capitalised and depreciated over its expected useful life.

Works on existing properties that are not classed as components are charged to the income and expenditure account and are included under maintenance costs in note 3.

### Shared Ownership Transactions

For HAG funded shared ownership schemes, the first tranche proceeds arising from the part-owner's purchase of equity are regarded as a contribution towards the cost of the assets and no revenue surplus or deficit is taken. Sales taking place after the initial purchase are accounted for as a disposal of fixed assets.

### Cyclical Repairs

The costs of cyclical repairs are charged to the Income and Expenditure Account in the year in which they are incurred.

### Designated Reserves

The Association maintains its housing properties in a state of repair which at least maintains their residual value at prices prevailing at the time of acquisition and construction. Provision is made for such future repair expenditure on the basis of a costed programme.

### Pensions

The Association participates in the centralised 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 to the independently administered Pensions Trust 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 expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole. Any deficiencies arising will be spread over this period.

### Turnover

Turnover represents rental income, factoring service income and fees or revenue grants receivable from local authorities and from the Scottish Government, together with the proceeds of NSSE sales.

### Loans

Mortgage loans are advanced by Private Lenders or the Scottish Housing Regulator under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by Stirling Council.

FORTH HOUSING ASSOCIATION LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (Continued)

2 TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

		2015		2014	
	Note	Turnover £	Operating Costs £	Operating Surplus £	Operating Surplus £
<b>Income/Expenditure from Lettings</b>					
Social lettings	3a	2,749,419	(1,692,612)	1,056,807	1,031,338
Other activities	3b	11,457	(41,505)	(30,048)	(16,655)
<b>TOTAL</b>		<b>2,760,876</b>	<b>(1,734,117)</b>	<b>1,026,759</b>	<b>1,014,683</b>
Total for previous period of account		3,362,816	(2,348,133)	1,014,683	

FORTH HOUSING ASSOCIATION LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (Continued)

3a PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	Other £	2015 Total £	2014 Total £
Rent receivable net of service charges Service charges	2,717,176 -	- -	34,603 -	- -	2,751,779 -	2,618,861 -
Gross income from rents and service charges	2,717,176	-	34,603	-	2,751,779	2,618,861
Less voids	(2,360)	-	-	-	(2,360)	(528)
Net income from rents and service charges	2,714,816	-	34,603	-	2,749,419	2,618,333
Grants from the Scottish Ministers	-	-	-	-	-	-
Other revenue grants	-	-	-	-	-	-
Total turnover from social letting activities	2,714,816	-	34,603	-	2,749,419	2,618,333
Management and maintenance administration costs	850,978	-	10,837	-	861,815	816,515
Service Costs	76,450	-	-	-	76,450	72,289
Planned and cyclical maintenance including major repairs costs	97,050	-	-	-	97,050	133,047
Reactive maintenance costs	264,068	-	-	-	264,068	224,332
Bad debts – rents and service charges	4,579	-	-	-	4,579	4,267
Depreciation of social housing	384,521	-	4,129	-	388,650	336,545
Impairment of social housing	-	-	-	-	-	-
Operating costs for social letting activities	1,677,646	-	14,966	-	1,692,612	1,586,995
Operating surplus for social lettings	1,037,170	-	19,637	-	1,056,807	1,031,338
Operating surplus for social letting for previous period of account	1,007,747	-	23,591	-	1,031,338	



FORTH HOUSING ASSOCIATION LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 MARCH 2015 (Continued)

3b PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants from Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Other Operating Costs £	Operating Surplus/ (Deficit) £	Operating Surplus / (Deficit) For Previous Period of Account £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	2,974	2,974	-	(39,465)	(36,491)	(20,161)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	5,720	5,720	-	(2,040)	3,680	3,506
Development and construction of property activities	-	-	-	2,763	2,763	-	-	2,763	-
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	-	-	-	-	-	-
<b>Total from other activities</b>	-	-	-	<b>11,457</b>	<b>11,457</b>	-	<b>(41,505)</b>	<b>(30,048)</b>	<b>(16,655)</b>
Total from other activities for the previous period of account	-	-	-	744,483	744,483	-	(761,138)	(16,655)	

**4 DIRECTORS' EMOLUMENTS**

The Management Committee members are all classed as Directors of the Association. All perform their duties on a voluntary basis and receive no emoluments from the Association. There is no director or any other person who reports directly to the Director or the Management Committee whose total emoluments exceed £60,000 per year.

	2015	2014
	£	£
Total expenses re-imbursed insofar as not chargeable to income tax		
Management Committee	<u>2,148</u>	<u>928</u>

Re-imbusement is only made for expenses directly incurred in connection with performing the Association's business. Expenses incurred are within the designated classes under Schedule 7 of the Housing (Scotland) Act 2001.

**5 EMPLOYEES**

	Number	Number
The average weekly numbers of persons employed during the year was:	<u>14</u>	<u>14</u>

**Staff Costs:**

	£	£
Wages and salaries	443,570	455,160
Social security costs	49,105	44,541
Other pension costs	104,882	80,533
	<u>597,557</u>	<u>580,234</u>

**FORTH HOUSING ASSOCIATION LIMITED**  
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**6 OPERATING SURPLUS**

	2015	2014
	£	£
Operating surplus is stated after charging:-		
Depreciation	409,130	354,572
Auditor's remuneration - Audit Services (Incl VAT)	7,511	6,300
Internal audit	-	874
	<u>416,641</u>	<u>361,746</u>

**7 INTEREST PAYABLE**

On bank loans and overdrafts	<u>172,184</u>	<u>215,713</u>
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**8 TAXATION**

There is no tax liability arising in the current or previous year.

FORTH HOUSING ASSOCIATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
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9a. TANGIBLE FIXED ASSETS	Housing Properties Held for Letting £	Shared Ownership Properties Held for Letting £	Housing Properties in course of Construction £	Housing Properties Total £
<b>Housing Properties at Cost and Valuation</b>				
At 1 April 2014	57,743,262	929,467	942,978	59,615,707
Revaluation at 1 April 2014	(778,242)	206,280	-	(571,962)
Additions	-	-	3,453,973	3,453,973
Transfers to stock	4,161,798	-	(4,161,798)	-
Shared Equity Disposals	-	-	-	-
Disposals	(85,023)	-	-	(85,023)
<b>At 31 March 2015</b>	<b>61,041,795</b>	<b>1,135,747</b>	<b>235,153</b>	<b>62,412,695</b>
<b>Housing Association Grants</b>				
At 1 April 2014	34,391,552	722,839	721,696	35,836,087
Received in year	-	-	1,472,070	1,472,070
Transfers to stock	2,018,034	-	(2,018,034)	-
Shared Equity Disposals	-	-	-	-
Disposals	(57,288)	-	-	(57,288)
<b>At 31 March 2015</b>	<b>36,352,298</b>	<b>722,839</b>	<b>175,732</b>	<b>37,250,869</b>
<b>Other Grants</b>				
At 1 April 2014	43,735	-	43,821	87,556
Received in year	-	-	-	-
Transfers	43,821	-	(43,821)	-
<b>At 31 March 2015</b>	<b>87,556</b>	<b>-</b>	<b>-</b>	<b>87,556</b>
<b>Depreciation</b>				
At 1 April 2014	242,230	12,163	-	254,393
Revaluation at 1 April 2014	(242,230)	(12,163)	-	(254,393)
Provided during year	384,521	4,129	-	388,650
On disposals	(27,735)	-	-	(27,735)
<b>At 31 March 2015</b>	<b>356,786</b>	<b>4,129</b>	<b>-</b>	<b>360,915</b>
<b>Net Book Value as at 31 March 2015</b>	<b>24,245,155</b>	<b>408,779</b>	<b>59,421</b>	<b>24,713,355</b>
Net Book Value as at 31 March 2014	23,065,745	194,465	177,461	23,437,671

Housing properties held for letting were revalued at 1 April 2014 by Allied Scotland, Chartered Surveyors by using the existing use value for social housing basis giving a valuation of £22,942,641. This was a full valuation.

9b TANGIBLE FIXED ASSETS (continued)

	Office Equipment, Fixtures and Fittings £	Computer Equipment £	Total £
<b>Cost</b>			
At 1 April 2014	116,686	40,467	157,153
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2015</b>	<b>116,686</b>	<b>40,467</b>	<b>157,153</b>
<b>Depreciation</b>			
At 1 April 2014	76,562	39,452	116,014
Provided During Year	14,447	314	14,761
On Disposals	-	-	-
<b>At 31 March 2015</b>	<b>91,009</b>	<b>39,766</b>	<b>130,775</b>
<b>Net Book Value</b>			
<b>At 31 March 2015</b>	<b>25,677</b>	<b>701</b>	<b>26,378</b>
At 31 March 2014	40,124	1,015	41,139

**Homestake**

	2015 £
<b>Cost</b>	
At 1 April 2014	153,732
Additions	-
<b>At 31 March 2015</b>	<b>153,732</b>
<b>Housing Association Grant</b>	
At 1 April 2014	153,732
Additions	-
<b>At 31 March 2015</b>	<b>153,732</b>
<b>Net Book Value</b>	
<b>At 31 March 2015</b>	<b>-</b>
At 31 March 2014	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015 (Continued)

<b>10 DEBTORS</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Arrears of rent and service charges	<b>66,669</b>	57,580
Less: provision for doubtful debts	<b>(15,887)</b>	(15,887)
	<b>50,782</b>	41,693
Social Housing Grants receivable	<b>54,186</b>	275,113
Prepayments and accrued income	<b>35,063</b>	224,245
Other debtors	<b>4,116</b>	79,742
	<b>144,147</b>	620,793
	<b>144,147</b>	620,793
<b>11 CREDITORS - amounts falling due within one year</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Prepaid rent	<b>112,674</b>	103,687
Trade creditors	<b>167,856</b>	348,252
Accruals and deferred income	<b>303,944</b>	490,114
Other taxation and social security	<b>23,955</b>	20,979
Loans repayable within one year	<b>458,732</b>	477,976
Other creditors	<b>93,953</b>	10,558
	<b>1,161,114</b>	1,451,566
	<b>1,161,114</b>	1,451,566

**FORTH HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015 (Continued)**

**12 CREDITORS - amounts falling due after more than one year**

	2015	2014
	£	£
Housing loans due within one year	458,732	477,976
Due between one and two years	447,660	466,424
Due between two and five years	1,317,684	1,372,925
Due after five years	13,517,321	14,066,167
	<u>15,741,397</u>	<u>16,383,492</u>
Less: included in current liabilities (note 11)	(458,732)	(477,976)
	<u><u>15,282,665</u></u>	<u><u>15,905,516</u></u>

Loans are secured by a standard security held over the housing properties of the Association and are repayable at varying rates of interest in instalments.

**13 SHARE CAPITAL**

	2015	2014
	£	£
Shares of £1 each fully paid and issued		
Allotted, issued and fully paid at 1 April 2014	71	73
Issued during the year	1	-
Forfeited during the year	(5)	(2)
	<u>67</u>	<u>71</u>
At 31 March 2015	<u><u>67</u></u>	<u><u>71</u></u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends or distributions on a winding up. Each member has a right to vote at members' meetings.

**14 DESIGNATED RESERVES**

	2015	2014
	£	£
Balance at 1 April 2014	3,201,995	2,395,060
Transferred in year	836,625	806,935
	<u>4,038,620</u>	<u>3,201,995</u>
Balance at 31 March 2015	<u><u>4,038,620</u></u>	<u><u>3,201,995</u></u>

**FORTH HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2015 (Continued)**

	2015	2015
<b>15 RECONCILIATION OF MOVEMENTS IN RESERVES</b>	<b>Revenue Reserves</b>	<b>Revaluation Reserve</b>
	£	£
Balance at 1 April 2014	721,185	6,289,130
Revaluation as at 1 April 2014	-	(317,569)
Surplus for the year	880,658	-
Transferred to designated reserves	(836,625)	-
Transfer	45,292	(45,292)
At 31 March 2015	<u>810,510</u>	<u>5,926,269</u>

	2015	2014
<b>16 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	£	£
<b>OPERATING SURPLUS FOR THE YEAR</b>	<b>1,026,759</b>	<b>1,014,683</b>
Depreciation	403,411	354,572
Decrease/(Increase) in debtors	476,646	(420,522)
(Decrease)/Increase in creditors	(271,208)	87,006
Increase/(Decrease shares - balance sheet	(4)	(2)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<u><b>1,635,604</b></u>	<u><b>1,035,737</b></u>

	2015	2014
<b>17 RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT</b>	£	£
(Decrease)/increase in cash in the year	(1,134,495)	(1,227,230)
Cash outflow/(Inflow) from financing	642,095	1,837,669
Change in net debt	(492,400)	610,439
Net debt at 1 April 2014	(12,913,633)	(13,524,072)
<b>Net debt at 31 March 2015</b>	<u><b>(13,406,033)</b></u>	<u><b>(12,913,633)</b></u>

	As at 1 April 2014 £	Cash Flows £	Other Changes £	As at 31 March 2015 £
Debt due within 1 year	(477,976)	642,095	(622,851)	(458,732)
Debt due after 1 year	(15,905,517)	-	622,851	(15,282,665)
Cash at bank and in hand	3,469,860	(1,134,495)	-	2,335,365
	<u>(12,913,633)</u>	<u>(492,400)</u>	<u>-</u>	<u>(13,406,033)</u>



**FORTH HOUSING ASSOCIATION LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015 (Continued)**

<b>19 HOUSING STOCK</b>	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
The number of units of accommodation in management at the year end was		
General needs - new build	<b>737</b>	697
- rehabilitation	-	-
Supported housing	-	-
Shared ownership	<b>20</b>	20
	<u><b>757</b></u>	<u>717</u>

<b>20 CAPITAL COMMITMENTS</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Expenditure contracted less paid and certified	<u><b>1,359,882</b></u>	<u>3,092,410</u>

The Management Committee expects the expenditure to be fully financed by the Scottish Government, mortgages from private sector lenders or from its own resources.

## 21 PENSION OBLIGATIONS

Forth Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme.

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

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

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

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

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

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

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

Forth Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2014. As of this date the estimated employer debt for Forth Housing Association Limited was £2,642,998.