

Pineview Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2016

Registered Housing Association No.HAC231

FCA Reference No. 2357R(S)

Scottish Charity No. SC038237

PINEVIEW HOUSING ASSOCIATION LIMITED

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PINEVIEW HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2016

MANAGEMENT COMMITTEE

Jean Black	Chairperson
Josephine McGinty	Secretary
Myra Frater	Treasurer
Patricia Sinclair	Vice Chair
Winifred McPhail	
Robert Archer	Resigned 25 April 2015
Rose West	
Gail Boyle	
Anna Welsh	
Amanda Smith	Co optee
Caitlyn Rosenshine	Co optee
Melanie Paterson	Casual Vacancy
Aziz Yasin	Casual Vacancy
Wendy Hughes	Co-optee

EXECUTIVE OFFICERS

Joyce Orr	Director
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REGISTERED OFFICE

5 Rozelle Avenue
Drumchapel
Glasgow
G15 7QR

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

INTERNAL AUDITORS

Wylie and Bisset LLP
168 Bath Street
Glasgow
G2 4TP

BANKERS

Bank of Scotland
19 Roman Road
Bearsden
G61 2SP

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

FINANCE AGENTS

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

PINEVIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

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

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2357R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC038237.

Principal Activities

The Association is a Registered Scottish Charity and we provide relief of 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 2001, including any statutory amendment or re enactment of the provisions of this section from time to time being in force and;
4. carrying on any other charitable activities permitted to registered social landlords from time to time.

Review of Business and Future Developments

Pineview Housing Association Ltd is a community based housing association in the Drumchapel area of Glasgow. The Association owns 535 properties, part owns 23 shared ownership properties and provides factoring services for a further 27 properties. The Association currently has no future development plans. Instead the Management Committee is concentrating the Association's efforts on maintaining current properties and continually developing customer services for tenants, owners and other customers.

The Management Committee has a good understanding of the financial position of the Association and continually reviews the position to ensure the ongoing viability of the Association and the services provided. The Management Committee are of the opinion that the state of the financial affairs of Pineview Housing Association Ltd is satisfactory. The surplus for the year was £740,578. This is largely funds for future repair, improvement and operating costs. Net assets now stand at £6,322,250.

The Management Committee successfully completed their first round of annual committee member reviews to ensure that as a committee, and as individual committee members, they meet regulatory and good practice requirements. This work went well and is continuing into 2016/17 and beyond.

During 2015/16 the Association completed all outstanding work to ensure that our stock was 100% compliant with the Scottish Housing Quality Standard (SHQS). In doing so, the Association met the requirements of our 2015/16 Regulation Plan and have now been moved to low engagement with the Scottish Housing Regulator (SHR).

PINEVIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

Review of Business and Future Developments (Contd.)

The Future

We also undertook an independent stock condition survey to allow us to assess the current condition of our stock, plan our future investment programmes and to determine compliance with the Energy Efficiency Standard for Social Housing (ESSH). While ESSH does not need to be complied with until 2020 the Association wanted to be proactive and determine current compliance, which stands at over 96%. During 2016/17 the Association will use the findings of the stock condition survey to update our asset management detail to allow for future forecasting of investment costs.

Delivering value for money remains a top priority for the Association. We look to achieve this as an independent RSL and with our local partners. Where it can add value we are working with other local RSLs to procure and purchase. We work closely with the other local RSLs especially in terms of staff and committee training, welfare benefits advice services and some maintenance procurement. We will continue this into the future and hope to maintain good close working relationships and value for money services.

Tenant involvement is crucial to the success of the Association and we are very grateful to our active Resident and Customer Forum for all the work they do with us. During 2016/17 we will be undertaking a tenants and resident satisfaction survey to gauge the opinion of our wider customer base and use this to help shape our future services.

Ensuring the collection of rental income, remains a priority for the Association. While working to keep rents affordable we need to ensure that we maximise our collection of rental charges due. This has been a challenge with the introduction of UK Government Welfare Reforms but the Association are working hard to work with our tenants to resolve any debt issues.

In addition to day to day repair work, 2015/16 saw the Association spend more than £336,510 on planned replacement and cyclical maintenance works with replacement boilers and kitchens completed in a number of homes, and the continuation of 5 year cyclical paint work programme. 2016/17 will see the continuation of the paint work programme and additional works for kitchen replacements and boiler renewals.

PINEVIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

Management Committee and 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 Act 2014 require 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 judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

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

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

In so far as the Management Committee are aware:

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

PINEVIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2016

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate 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 systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

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

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

Auditors

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

By order of the Management Committee

JOSEPHINE MCGINTY

Secretary
28 June 2016

PINEVIEW HOUSING ASSOCIATION LIMITED

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



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

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls .

ALEXANDER SLOAN
Chartered Accountants

GLASGOW
28 June 2016

We have audited the financial statements of Pineview Housing Association Limited for the year ended 31st March 2016 which comprise 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 accounting standard of the United Kingdom

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 the Financial Statements that give a true and fair view.

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

Scope of the audit on the Financial Statements

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PINEVIEW HOUSING ASSOCIATION LIMITED**

Matters on which we are required to report by exception (contd.)

- 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 purposes of our audit.

We have nothing to report in respect of these matters.

ALEXANDER SLOAN

Chartered Accountants
Statutory Auditors
GLASGOW
28 June 2016

PINEVIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016 £	2015 £
REVENUE	2.	3,001,983	3,016,725
Operating Costs	2.	(2,134,727)	(2,252,945)
OPERATING SURPLUS	9.	867,256	763,780
(Loss) / Gain On Sale Of Housing Stock	7.	(34,729)	1,236
Interest Receivable and Other Income		30,508	29,385
Interest Payable and Similar Charges	8.	(114,263)	(116,493)
Other Finance Charges	11.	(8,194)	(31,820)
		(126,678)	(117,692)
SURPLUS FOR YEAR		740,578	646,088
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		740,578	646,088

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The notes on pages 13 to 27 form part of these financial statements.

PINEVIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2016

	Notes	2016	2015
		£	£
NON-CURRENT ASSETS			
Housing Properties - Depreciated Cost	12.(a)	27,231,859	27,867,689
Other Non Current Assets	12.(b)	56,851	69,069
		<u>27,288,710</u>	<u>27,936,758</u>
CURRENT ASSETS			
Receivables	14.	52,694	135,738
Investments	-	3,150,000	2,850,000
Cash at bank and in hand		432,112	536,633
		<u>3,634,806</u>	<u>3,522,371</u>
CREDITORS: Amounts falling due within one year	15.	(836,501)	(811,761)
NET CURRENT ASSETS		<u>2,798,305</u>	<u>2,710,610</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>30,087,015</u>	<u>30,647,368</u>
CREDITORS: Amounts falling due after more than one year	16.	(4,377,372)	(4,943,133)
DEFERRED INCOME			
Social Housing Grants	18.	(19,387,393)	(20,122,568)
		<u>(19,387,393)</u>	<u>(20,122,568)</u>
NET ASSETS		<u>6,322,250</u>	<u>5,581,667</u>
EQUITY			
Share Capital	19.	209	204
Revenue Reserves		6,322,041	5,581,463
		<u>6,322,250</u>	<u>5,581,667</u>

Comparative figures have been restated to reflect the adoption of the Housing SORP 2014 and FRS102.

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 28 June 2016.

Jean Black
Chairperson

Kenny McGinty
Committee Member

Josephine McGinty
Secretary

The notes on pages 13 to 27 form part of these financial statements.

PINEVIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2016

	Notes	2016 £	2015 £
Net Cash Inflow from Operating Activities	17.	1,113,742	1,131,519
Investing Activities			
Acquisition and Construction of Properties	(336,510)	(814,085)	
Purchase of Other Fixed Assets	(3,535)	(2,331)	
Social Housing Grant Received	-	-	
Social Housing Grant Repaid	-	(26,796)	
Changes on short term deposits with banks	(300,000)	100,000	
Proceeds on Disposal of Properties	38,273	36,848	
Net Cash Outflow from Investing Activities		(601,772)	(706,364)
Financing Activities			
Interest Received on Cash and Cash Equivalents	30,508	36,348	
Interest Paid on Loans	(114,263)	(116,496)	
Loan Principal Repayments	(532,768)	(273,216)	
Share Capital Issued	33	34	
Net Cash Outflow from Financing		(616,490)	(353,330)
(Decrease) / Increase in Cash		(104,520)	71,825
Opening Cash & Cash Equivalents		536,633	464,808
Closing Cash & Cash Equivalents		432,113	536,633
Cash and Cash equivalents as at 31 March 2016.			
Cash		432,112	536,633
Bank overdraft		-	-
		432,112	536,633

The notes on pages 13 to 27 form part of these financial statements.

PINEVIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

31st MARCH 2016

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2014	371	4,935,375	4,935,746
Issue of Shares	34		34
Cancellation of Shares	(201)		(201)
Adjustment from transition to FRS 102		57,495	57,495
Surplus for Year		588,593	588,593
Balance as at 31st March 2015	<u>204</u>	<u>5,581,463</u>	<u>5,581,667</u>
Balance as at 1st April 2015	204	5,581,463	5,581,667
Issue of Shares	33		33
Cancellation of Shares	(28)		(28)
Surplus for Year		740,578	740,578
Balance as at 31st March 2016	<u>209</u>	<u>6,322,041</u>	<u>6,322,250</u>

The reserves opening balance has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 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 on or after 1 January 2015.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with 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 of the asset to which it relates.

Retirement Benefits

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

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

Valuation Of Housing Properties

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

<i>Component</i>	<i>Useful Economic Life</i>
Kitchens	15 years
Bathrooms	30 years
Boilers	15 years
Radiators	30 years
Windows	35 years
External Doors	20 years
Internal Doors	30 years
Rewiring	30 years
Structure	50 years

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

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% Straight Line
Furniture and Fittings	- 25% Reducing Balance
Computer Equipment	- 25% Straight Line
Office Equipment	- 25% Reducing Balance
Motor Vehicles	- 20% Straight Line

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

Social Housing Grant And Other Grants In Advance/Arrears

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

Social Housing Grant attributed to individual components is written off to the 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

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

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

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

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying Pineview 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.

Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this.

Costs of shared ownership

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

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

Works to Existing Properties

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

Development Interest

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

Key Judgements made in the application of Accounting Policies

a) 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 revisited previous accounting estimates
- ii) The Association has not revisited the accounting of previous business combinations

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 FRS 102.

c) Identification of cash generating units

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

d) Pension

We have calculated the SHAPS past service deficit liability using the latest accounting estimates available, these being based on the 2015 triennial valuation, and believe these represent a fair estimate of liability due.

e) Fixed Rate Loans

The Management Committee have reviewed the terms of the Association's fixed rate loan and consider it to be a basic financial instrument in terms of FRS 102.

Financial Instruments - Basic

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

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

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	Notes	2016			2015		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	2,910,186	2,111,221	798,965	2,930,523	2,178,572	751,951
Other Activities	4.	91,797	23,506	68,291	86,202	74,373	11,829
Total		3,001,983	2,134,727	867,256	3,016,725	2,252,945	763,780

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	Shared ownership £	2016 Total £	Restated 2015 Total £
Revenue from Lettings					
Rent Receivable Net of Service Charges	1,981,017	22,689	39,495	2,043,201	2,022,655
Service Charges	96,375	18,827	3,903	119,105	126,804
Gross income from rent and service charges	2,077,392	41,516	43,398	2,162,306	2,149,459
Less: Rent losses from voids	1,061	-	-	1,061	921
Net Rents Receivable	2,076,331	41,516	43,398	2,161,245	2,148,538
Grants released from deferred income	704,104	-	-	704,104	752,887
Revenue grants from Scottish Ministers	-	-	-	-	29,098
Other revenue grants	44,837	-	-	44,837	-
Total turnover from affordable letting activities	2,825,272	41,516	43,398	2,910,186	2,930,523
Expenditure on affordable letting activities					
Management and maintenance administration costs	691,123	-	9,243	700,366	659,229
Service Costs	93,495	21,034	-	114,529	133,813
Planned and cyclical maintenance, including major repairs	189,368	-	-	189,368	253,744
Reactive maintenance costs	198,282	-	-	198,282	161,000
Bad Debts - rents and service charges	15,517	-	-	15,517	1,269
Depreciation of affordable let properties	869,889	-	23,270	893,159	969,517
Operating costs of affordable letting activities	2,057,674	21,034	32,513	2,111,221	2,178,572
Operating surplus on affordable letting activities	767,598	20,482	10,885	798,965	751,951
2015	632,118	9,330	18,068		

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been restated to reflect the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 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	Supporting People Income	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2016	Operating Surplus / (Deficit) 2015
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	15,375	(15,375)	(6,365)
Factoring	-	-	-	7,353	7,353	-	8,131	(778)	494
Support Activities	-	-	-	-	-	-	-	-	2,056
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	2,645
Other Income	-	-	-	84,444	84,444	-	-	84,444	19,239
Total From Other Activities	-	-	-	91,797	91,797	-	23,506	68,291	18,069
2015	-	-	39,922	46,280	86,202	-	74,373	11,829	

The disclosure of turnover, operating costs and operating surplus from affordable letting activities has been restated to reflect the requirements of the Housing SORP 2014. Comparative figures have been restated on the same basis.

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

2016

2015

£

£

No Officer of the Association received emoluments greater than £60,000.

Emoluments payable to Chief Executive (excluding pension contributions)

58,945

58,300

Total Compensation paid to key management personnel

58,945

58,300

6. EMPLOYEE INFORMATION

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

2016

2015

No.

No.

12

13

The average total number of Employees employed during the year was

13

13

Staff Costs were:

£

£

Wages and Salaries

394,779

423,169

Social Security Costs

35,237

37,527

Other Pension Costs

26,292

85,418

Temporary, Agency and Seconded Staff

-

-

456,308

546,114

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. (LOSS) / GAIN ON SALE OF HOUSING STOCK

	2016	2015
	£	£
Sales Proceeds	38,273	36,848
Cost of Sales	73,002	35,612
(Loss) / Gain On Sale Of Housing Stock	<u>(34,729)</u>	<u>1,236</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2016	2015
	£	£
On Bank Loans & Overdrafts	114,263	116,493
	<u>114,263</u>	<u>116,493</u>

9. SURPLUS FOR YEAR

	2016	2015
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	908,912	987,768
Auditors' Remuneration - Audit Services	9,570	7,626
Operating Lease Rentals - Land & Buildings	-	3,666
Operating Lease Rentals - Other	4,854	-
Gain on sale of fixed assets	<u>-</u>	<u>-</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE INCOME / CHARGES

	2016	2015
	£	£
Unwinding of Discounted Liabilities	<u>8,194</u>	<u>31,820</u>

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Total £
COST			
As at 1st April 2015	38,371,807	1,289,923	39,661,730
Additions	336,510	-	336,510
Disposals	(141,519)	(51,014)	(192,533)
Schemes Completed	-	-	-
As at 31st March 2016	38,566,798	1,238,909	39,805,707
DEPRECIATION			
As at 1st April 2015	11,457,931	336,110	11,794,041
Charge for Year	869,889	23,270	893,159
Disposals	(101,109)	(12,243)	(113,352)
As at 31st March 2016	12,226,711	347,137	12,573,848
NET BOOK VALUE			
As at 31st March 2016	26,340,087	891,772	27,231,859
As at 31st March 2015	26,913,876	953,813	27,867,689

Additions to housing properties includes capitalised development administration costs of £nil (2015 - £nil) and capitalised major repair costs to existing properties of £nil (2015 £814,085)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £ 751,254 . The amount capitalised is £336,510, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £336,510 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £18,603,606 (2015 - £19,140,691).

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)				
b) Other Tangible Assets	Motor Vehicles £	Office Premises £	Furniture & Equipment £	Total £
COST				
As at 1st April 2015	30,546	150,000	109,165	289,711
Additions	-	-	3,535	3,535
Eliminated on Disposals	-	-	-	-
As at 31st March 2016	30,546	150,000	112,700	293,246
AGGREGATE DEPRECIATION				
As at 1st April 2015	18,327	106,250	96,065	220,642
Charge for year	6,109	3,000	6,644	15,753
Eliminated on disposal	-	-	-	-
As at 31st March 2016	24,436	109,250	102,709	236,395
NET BOOK VALUE				
As at 31st March 2016	6,110	40,750	9,991	56,851
As at 31st March 2015	12,219	43,750	13,100	69,069

12. CAPITAL COMMITMENTS		
	2016 £	2015 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	-	76,065

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

13 COMMITMENTS UNDER OPERATING LEASES		
	2016 £	2015 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Not later than one year	2,122	3,055
Later than one year and not later than five years	6,148	4,046

Lease commitments have been restated under FRS102 to include the timing of the full payment due under the contract.

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Arrears of Rent & Service Charges	63,908	58,897
Less: Provision for Doubtful Debts	(44,219)	(44,245)
	<u>19,689</u>	<u>14,652</u>
Other Receivables	33,005	121,086
	<u>52,694</u>	<u>135,738</u>

15. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Housing Loans	287,421	310,132
Trade Payables	150,408	114,549
Rent in Advance	171,925	133,069
Other Payables	85,061	25,599
Liability for Past Service Contributions	63,897	62,037
Accruals and Deferred Income	77,789	166,375
	<u>836,501</u>	<u>811,761</u>

At the balance sheet date there were pension contributions outstanding of £nil (2015 £nil)

16. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2016 £	2015 £
Liability for Past Service Contributions	316,921	372,624
Housing Loans	4,060,451	4,570,509
	<u>4,377,372</u>	<u>4,943,133</u>
Housing Loans		
Amounts due within one year	287,421	255,825
Amounts due in one year or more but less than two years	277,986	265,504
Amounts due in two years or more but less than five years	848,512	856,566
Amounts due in more than five years	2,933,953	4,564,883
	<u>4,347,872</u>	<u>5,942,778</u>
Less: Amount shown in Current Liabilities	287,421	310,132
	<u>4,060,451</u>	<u>5,632,646</u>
Liability for Past Service Contributions		
Amounts due within one year	63,897	62,037
Amounts due in one year or more but less than two years	63,678	61,885
Amounts due in two years or more but less than five years	193,175	187,964
Amounts due in more than five years	60,068	122,775
	<u>380,818</u>	<u>434,661</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Security	Effective Interest Rate	Maturity	Variable / Fixed
Clydesdale	Standard Security over 34 properties	0.47%	2024	Variable
Nationwide	Standard Security over 36 properties	0.42%	2031	Variable
Clydesdale	Standard Security over 32 properties	2.33%	2025	Fixed
Nationwide	Standard Security over 51 properties	0.45%	2027	Variable
Nationwide	Standard Security over 87 properties	0.45%	2027	Variable
Clydesdale	Standard Security over 22 properties	0.47%	2023	Variable
Clydesdale	Standard Security over 56 properties	6.46%	2030	Fixed
Clydesdale	Standard Security over 38 properties	0.45%	2031	Variable

All of the Association's bank borrowings are repayable in a monthly basis with the principal being amortised over the term of the loans

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 2.64% (2015 - 3.58%)

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to balance as at 31st march 2016</i>	2016 £	2015 £
Operating Surplus	867,256	763,780
Depreciation	947,683	987,768
Fixed assets written off	-	13,329
Amortisation of Capital Grants	(735,175)	(752,887)
Change in debtors	83,044	(6,639)
Change in creditors	(40,844)	95,785
Gain on sale of fixed assets	-	(1,236)
Unwinding of Discount on Pension Liability	(8,194)	31,820
Share Capital Written Off	(28)	(201)
Balance as at 31st March 2016	<u>1,113,742</u>	<u>1,131,519</u>

18. DEFERRED INCOME

<i>Social Housing Grants</i>	2016 £	2015 £
Balance as at 1st April 2015	20,122,568	20,875,455
Released / Repaid as the result of property disposal	(31,071)	-
Amortisation in Year	(704,104)	(752,887)
Balance as at 31st March 2016	<u>19,387,393</u>	<u>20,122,568</u>
Total	<u>19,387,393</u>	<u>20,122,568</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2,016 £	2,015 £
Amounts due within one year	704,104	752,887
Amounts due in one year or more	18,683,289	19,369,681
	<u>19,387,393</u>	<u>20,122,568</u>

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2015	204
Issued in year	33
Cancelled in year	(28)
At 31st March 2016	<u>209</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.

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2016 No.	2015 No.
General Needs - New Build	427	428
General Needs - Rehabilitation	107	107
Shared Ownership	23	24
Supported Housing	1	1
	<u>558</u>	<u>560</u>

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

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

Those 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.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with governing body members (and their close family) were as follows:

	£
Rent Received from Tenants on the Committee	27,295
Factoring Charges received from owners on the Committee	nil

At the year end total rent arrears owed by the tenant members of the Committee were £nil

At the year end total factoring arrears owed by the factored owners of the Committee were £nil

22. 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 5 Rozelle Avenue, Drumchapel, Glasgow.

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

23. INVESTMENTS

The Association participates in a shared equity arrangement at 31 March 2016. At this date the

	£	£
Short term cash deposits	3,150,000	2,850,000

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. RETIREMENT BENEFIT OBLIGATIONS

General

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

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state 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 £295m. The valuation revealed a shortfall of assets compared with the value of liabilities of £160m (equivalent to a past service funding level of 64.8%).

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30th September 2015. 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 £341 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £207 million, equivalent to a past service funding level of 62.2%.

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. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employer's 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 Para 28.11A of Financial Reporting Standard 102. At the balance sheet date the present value of this obligation was £380,818 (2015 - £434,661). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of high quality corporate bond with a similar term. The discount rate used was 2.64% (2015 - 3.58%).

The Association made payments totalling £59,975 (2015: £58,374) to the pension scheme during the year.

PINEVIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2016

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. TRANSITION TO THE FINANCIAL REPORTING STANDARD

In accordance with the Statement of Recommended Practice the Association has adopted the Financial Reporting Standard for UK & Ireland (FRS 102) for the accounting period beginning on 1 April 2015. As a result of this the comparative figures for the period ending 31 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 differences 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 31 March 2016.

Reconciliation of Capital & Reserves						
At 31 March 2015				At 31 March 2014		
Note	As previously Stated £	Effect of Transition £	As Restated £	As previously Stated £	Effect of Transition £	As Restated £
Non Current Assets	7,056,978	20,879,780	27,936,758	6,532,021	21,636,536	28,168,557
Investment	-	-	-	-	-	-
Negative Goodwill	-	-	-	-	-	-
Current Assets	3,522,371	-	3,522,371	3,564,198	-	3,564,198
Current Liabilities	(749,724)	(62,037)	(811,761)	(544,154)	(60,230)	(604,384)
Non Current Liabilities	(4,570,509)	(372,624)	(4,943,133)	(4,881,375)	(402,840)	(5,284,215)
Deferred Income	-	(20,122,568)	(20,122,568)	-	(20,908,410)	(20,908,410)
	5,259,116	322,551	5,581,667	4,670,690	265,056	4,935,746
Capital & Reserves	(5,259,116)	(322,551)	(5,581,667)	(4,670,690)	(265,056)	(4,935,746)

Reconciliation of Retained Surpluses for the Year				
Year Ended 31 March 2015				
Note	As previously Stated £	Effect of Transition £	As Restated £	
Revenue	(i)	2,263,838	752,887	3,016,725
Operating Costs	(i) & (ii)	(1,589,373)	(663,572)	(2,252,945)
Other Income		1,236	-	1,236
Exceptional item		-	-	-
Interest Receivable		29,385	-	29,385
Interest Payable		(116,493)	-	(116,493)
Change in Fair Value of Financial Inst.		-	-	-
Other Finance Income / Costs		-	(31,820)	(31,820)
		588,593		646,088
Surplus		588,593	57,495	646,088

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