

DALMUIR PARK HOUSING ASSOCIATION LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

Registered Housing Association Number: HAL 98
Charity Registration Number: SC033471
FCA Reference Number: 1917 R S
Property Factor Number : PF000397

DALMUIR PARK HOUSING ASSOCIATION LIMITED

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DALMUIR PARK HOUSING ASSOCIATION LIMITED

The Management Committee, Executives and Advisers For the Year Ended 31 March 2018

MEMBERS OF THE BOARD/ MANAGEMENT COMMITTEE

Chair	Gordon Laurie	- appointed 08/12/2017
Vice Chair	Craig Edward	- appointed 06/09/2017
Committee Member	Seonaid McDonald	
Committee Member	Graham Parton	- appointed 06/09/2017
Committee Member	Isobel Gill	- appointed 06/09/2017
Committee Member	Francis Logan	- appointed 06/09/2017
Committee Member	Patricia Gallagher	- co-opted 21/08/2017 - appointed 08/12/2017
Committee Member	Robert McDougall	- appointed 08/12/2017
Committee Member	Jack Marshall	- appointed 08/12/2017
Committee Member	Audrey Simpson	- appointed 08/12/2017
Committee Member	James Hutcheson	- resigned 06/09/2017
Committee Member	James Laverty	- resigned 15/11/2017
Committee Member	John Gilleece	- resigned 12/12/2017
Committee Member	Erin Cadden	- appointed 06/09/2017 resigned 19/02/2018
Committee Member	Marion Birnie	- resigned 21/03/2018
Committee Member	Anne Meikle	- resigned 21/03/2018
Committee Member	Jason MacGilp	- co-opted 16/08/2017 - appointed 08/12/2017 - resigned 18/04/2018

SECRETARY

Catherine Lowe - appointed 21/03/2018

EXECUTIVE OFFICERS

Interim Director	Catherine Lowe	- appointed 04/01/2018
Director	Patrick Gilbride	- resigned 07/03/2018
Head of Finance & Corporate Services	Therese Jack	- resigned 30/03/2018

REGISTERED OFFICE/PRINCIPAL ADDRESS

Beardmore House
631 Dumbarton Road
Dalmuir
Clydebank
G81 4EU

AUDITORS

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

SOLICITORS

TC Young
Merchants House
7 West George Street
Glasgow
G2 1BA

BANKERS

Bank of Scotland
42-44 Sylvania Way
Clydebank
G81 2TL

Report from The Management Committee For the Year Ended 31 March 2018

The Management Committee presents their report and the audited Financial Statements for the year ended 31 March 2018.

Objectives and Strategy

The Association is a Registered Social Landlord and Scottish Charity. The core objects as set out in our Rules are to provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care.

We will create a new business plan in 2018/19 but our current four key strategic objectives are:

1. we provide, manage and maintain desirable, quality affordable housing in Dalmuir and the surrounding area in response to local housing need.
2. we promote community control of the Association.
3. we contribute to the improvement of social, physical, environmental and economic conditions in the local community.
4. we ensure that all DPHA services are managed and monitored by highly competent staff and committee members working within an effective strategic framework based on plans, policies and procedures.

Legal Status

The Association is registered as a non-profit making Association under the Co-operative and Community Benefit Societies Act 2014 No.1917R(S). The Association is governed under its Rules. The Association is a registered Scottish Charity with the charity number SC033471. We are also a registered Property Factor with the Property Factor ID PF000397.

Review of business and future developments

As we moved into our 40th year of operation, 2017/18 proved to be a very difficult year for the Association. On 8 December 2017, following continued engagement with our Management Committee, the Scottish Housing Regulator (SHR) decided to use its statutory powers at Dalmuir Park Housing Association to protect the interests of our tenants. The SHR took this action after it identified serious risks in the Association's governance and management. An independent investigation commissioned by the Association found serious misconduct and mismanagement within the Association and that we have not been complying with SHR Regulatory Standards. The SHR appointed a Statutory Manager to oversee all Association activity and six appointees were also placed onto the Management Committee reporting to the SHR. The Statutory Manager's priority was to work with the Management Committee to address the serious and urgent risks to our governance and to tackle the issues identified in the investigation.

An Interim Director was also appointed in January 2018 to lead the organisation. Further investigations were conducted and by March 2018, three long-standing members and another newer member of the Management Committee resigned. The Director also retired.

In June 2018, six months after their initial intervention at DPHA, the SHR reviewed progress and published their new Regulation Plan. The SHR has confirmed that the Association is working well with the Statutory Manager and appointees and that '**significant progress**' has been made to address areas of weakness. Plans are now underway for major improvement to improve governance and ensure excellent customer services and good quality homes to meet local housing need. The

Association are also undertaking a strategic options appraisal to consider the best future shape of the Association to serve its tenants.

With all of this, the SHR consider that ongoing support will therefore be necessary to assure tenants and all key stakeholders that the Association is fully addressing all the issues raised and they decided to continue the support from the Statutory Manager and now five appointees until June 2019.

A significant governance and financial management improvement plan was agreed in 2017/18 and delivery is now well underway.

The Association continues to provide great customer service with levels of tenant satisfaction increasing to 95.72%. That said, we want to excel for our customers and have set up 2 new Tenants Panels so that we can hear directly from our tenants what they think and what they want for the future from us.

On the service that tenants tend to access most, 92.97% of tenants who have had repairs or maintenance carried out in the last 12 months were satisfied.

Whilst these satisfaction indicators are positive, we know we need to make significant improvement on the core areas of reletting empty homes and rent collection.

Our letting performance deteriorated with our days to let empty houses increasing to 23.11 days.

Rents are the main source of income and it is essential that we collect as much rent each month as possible. **Rent collected as % of total rent due in the reporting year fell to 98.29%. We** recognise that many of our tenants are struggling financially whether through pay/benefit levels not keeping pace with inflation or job. The welfare reform changes during the last year have had a growing impact on many of our tenants and is now impacting on rent collection. With roll out of universal credit planned for November 2018 for working age claimants in West Dunbartonshire, we are planning how we can identify and best prepare and support those who will be affected. With this, considerable time will continue to be spent by our staff on assisting and advising tenants most affected by these reforms.

DPHA currently contribute towards the funding of the Clydebank Independent Resource Centre (CIRC) to provide a welfare benefit service 5 days a week. The contribution we make is the provision of a unit on Dumbarton road that is used as a sensory room for vulnerable children and adults, this is at a cost of £5,516 for the year 2017/18.

Through this service, our tenants have access to a welfare rights service to help maximise individuals incomes, process housing benefit and universal credit claims and to assist customers with debt issues. This in turn helps the tenants to pay their rent and sustain their tenancies.

The Welfare Rights service continues to make a significant contribution in helping households maximise their incomes and advising them of their entitlement to financial assistance. In the year to March 2017 CIRC generated welfare monetary gains for DPHA tenants of £547,794.

The Association is committed to ensuring our properties are maintained to a high standard and recognises our obligations to provide a responsive repairs service and planned investment to our properties.

During the year, the following investment programme was delivered:

- 148 properties were partially rewired as part of the kitchen contract;
- 2 properties had new windows;
- 11 heating systems were replaced

- 148 received new kitchens
- 149 received new bathrooms; and
- 2 door entry systems were replaced

This year we updated our stock condition survey and life cycle costing information to establish real future investment need for our homes. This will be a key input to shape our new Business Plan for 2018/19 with one of the key desired outcomes being to accelerate investment in our homes.

We continue to act as the property factor for 171 homeowners in the area.

Our Care Services continue to perform well. Our sheltered housing service received “Very Good” grading from the Care Inspectorate at this year’s inspection and tenant and carer feedback was very positive about the person centred care and support that tenants received. Our out of school club (DOSCG), for primary school age children, also received “Good” grades from the Care Inspectorate this year. The Inspector commented on the significant improvements, particularly to the environment of the service and nurturing ways of the staff with the children who use the service.

Although not legally part of Dalmuir Park Housing Association, the Beardmore Trust does function with some support from us. The Trust was unable to operate properly in the later part of 2017 due to the loss of Trustees. This has all been regularised now and the Beardmore Trust continues to fund the lunch club service in both our sheltered housing complexes. The Trust is currently considering its future role.

Financial Review

These financial results cover the Association’s fortieth year of operations. The Association made a surplus in the year of £44,076 (2017: £584,535). During the year, £403,447 was spent on planned maintenance (which has been capitalised) bringing the total spend on our Investment Programme to £31.5 million.

Turnover of £3.7 million (2017: £3.9m) was generated in the year (of which £2.6 million relates to the income from the letting of properties at affordable rents). Rent increases during 2017/18 were 3%.

At 31 March 2018 £7.3 million was held in reserves.

At 31 March 2018 our outstanding balances on loans were £535,113.

Future Plans

This period of change has given the Management Committee time for real reflection and a need to consider the optimum strategic shape for the Association going forward to best serve the needs of our tenants.

Dalmuir Park Housing Association is still a strong and resilient social business. However, the Management Committee remains conscious of the need to keep management costs as low as possible, our rents affordable and still ensure that the Association can maintain and improve the standards of service to customers and the quality of its homes. We recognise that the operating and financial environment continue to be challenging, especially for small housing associations.

We will ensure going forward that we are self-aware and pro-active in making important strategic decisions that build on our strengths and maximise opportunities, whilst identifying and responding to threats. This ensures that Dalmuir Park Housing Association continues to be a resilient and successful organisation.

We will develop a new 3 Year Business Plan for the Association during 2018/19 supported by 30-year financial assumptions to demonstrate the continued viability of the Association over the short, medium and long term. We will review our vision, mission and strategic objectives for the Association to ensure they reflect what our tenants and other service users tell us they need from us.

A key focus for the new Plan will be delivering excellent services and improving performance on core activities (rent collection and letting) but also demonstrating value for money in all areas of operation. We also expect the new Business Plan to bring forward a new investment plan to ensure we maintain our homes now and for the future. This is likely to require new borrowing requirements.

We concluded the strategic options appraisal in June 2018 and as part of our new Business Plan, we will now explore options for collaboration/partnership with other local housing associations that can be demonstrated to be to our mutual benefit.

Risks and uncertainties

Strong governance will be essential at Dalmuir Park Housing Association to ensure that the transformation of the Association continues at pace and with the required determination to see the major changes that are needed through to delivery.

Prudent treasury management will be required to manage cash flow to meet the delivery of the future required investment programme, whilst preserving financial loan covenants and required financial performance ratios.

We will also continue to manage key risks external risks such as:

- Inflation, pay and interest rates
- Welfare reform
- Fire safety changes
- Pension liabilities

Principal Activities

The principal activity of the Association is to maximise its impact as a social landlord in the local community through the provision of wide ranging quality services.

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 year. In preparing those Financial Statements, the Management Committee is required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- Prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to

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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 - 2014. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

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

In so far as the Management Committee are aware:

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

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; and
- The safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

- Formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- Experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- Forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;

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- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- The Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken; and
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2018. 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

The External Audit Services are currently being tendered and the successful supplier will be appointed at the Annual General Meeting.

By order of Management Committee

Signature

Gordon Laurie
Chair

Date: 15th August 2018

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

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 8 & 9 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 pages 8 and 9 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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

French Duncan LLP

Chartered Accountants & Statutory Auditors
133 Finnieston Street
GLASGOW
G3 8HB

Date:

INDEPENDENT AUDITORS REPORT TO THE MANAGEMENT COMMITTEE OF DALMUIR PARK HOUSING ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2018

OPINION

We have audited the financial statements of Dalmuir Park Housing Association Limited for the year ended 31 March 2018 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 United Kingdom Accounting Standards including FRS 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In our opinion, the Financial Statements;

- Give a true and fair view of the state of the Association's affairs at 31 March 2018 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom generally accepted accounting practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements December 2014.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the housing association in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the committee members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the committee members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information contained in the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the housing association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee members.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the housing association to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

USE OF OUR REPORT

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

French Duncan LLP
Chartered Accountants and Statutory Auditors
133 Finnieston Street
GLASGOW
G3 8HB

Date:

DALMUIR PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2018

	Notes	£	2018 £	£	2017 £
REVENUE	2		3,733,845		3,883,237
Operating Costs	2		(3,669,657)		(3,392,614)
OPERATING SURPLUS	9		64,188		490,623
Loss on Sale of Property, Plant & Equipment	7	(5,085)		(16,299)	
Realised (Loss) / Gain on Investments		(6,045)		18,137	
Interest Receivable and Other Income		14,995		15,639	
Interest Payable and Similar Charges	8	(22,977)		(25,565)	
Other Finance Charges	11	(1,000)		(7,000)	
			(20,112)		(15,088)
SURPLUS FOR YEAR			44,076		475,535
OTHER COMPREHENSIVE INCOME	23		-		109,000
TOTAL COMPREHENSIVE INCOME			44,076		584,535

The notes on pages 18 to 31 form part of these financial statements.

DALMUIR PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2018

	Notes	£	2018 £	£	2017 £
NON-CURRENT ASSETS					
Housing Properties – Depreciated Cost	12 (a)		20,449,815		20,917,318
Other Tangible Fixed Assets	12 (b)		339,158		354,263
Investments	12 (c)		348,738		354,783
			<u>21,137,711</u>		<u>21,626,364</u>
CURRENT ASSETS					
Trade and Other Debtors	14	395,477		373,933	
Cash and Cash Equivalents		2,253,727		2,348,746	
			<u>2,649,204</u>	<u>2,722,679</u>	
CREDITORS: Amounts falling due within one year	15	(542,033)		(394,456)	
			<u>2,107,171</u>		<u>2,328,223</u>
NET CURRENT ASSETS					
			<u>23,244,882</u>		<u>23,954,587</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS: Amounts falling due after more than one year	16		(578,314)		(687,535)
DEFERRED INCOME					
Social Housing Grants	18(a)		(15,215,351)		(15,852,663)
Other Grants	18(b)		(183,372)		(190,569)
			<u>7,267,845</u>		<u>7,223,820</u>
NET ASSETS					
EQUITY					
Share Capital	19		124		175
Revenue Reserves			<u>7,267,721</u>		<u>7,223,645</u>
			<u>7,267,845</u>		<u>7,223,820</u>

The financial statements were approved by the Management Committee, authorised for issue, and signed on its behalf on 15th August 2018.

Gordon Laurie
Chair

Craig Edward
Vice-Chair

Catherine Lowe
Secretary

The notes on pages 18 to 31 form part of these financial statements.

DALMUIR PARK HOUSING ASSOCIATION LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 March 2018**

	Notes	£	2018 £	£	2017 £
Net Cash Inflow from Operating Activities	17		513,134		902,823
Investing Activities					
Purchase of Other Fixed Assets		(60,608)		(24,582)	
Purchase of Component Installations		(470,447)		(656,326)	
Repayment of Social Housing Grant		(42,587)		-	
Proceeds on Disposal of Properties		42,626		12,877	
Net Cash Outflow from Investing Activities			(531,016)		(668,031)
Financing Activities					
Interest Received on Cash and Cash Equivalents		14,995		15,639	
Interest Paid on Loans		(22,977)		(25,565)	
Loan Principal Repayments		(69,168)		(66,766)	
Share Capital Issued		13		11	
Net Cash (Outflow) from Financing			(77,137)		(76,681)
(Decrease) / Increase in Cash & Cash Equivalents			(95,019)		158,111
Opening Cash & Cash Equivalents			2,348,746		2,190,635
Closing Cash & Cash Equivalents			2,253,727		2,348,746

The notes on pages 18 to 31 form part of these financial statements.

DALMUIR PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY 31 March 2018

	Share Capital	Revenue Reserve	Total
£	£	£	
Balance as at 31 March 2017	175	7,223,645	7,223,820
Issue of Shares	13		13
Cancelled in the year	(64)		(64)
Surplus for the year		44,076	44,076
Balance as at 31 March 2018	<u>124</u>	<u>7,267,721</u>	<u>7,267,845</u>

	Share Capital	Revenue Reserve	Total
£	£	£	
Balance as at 31 March 2016	211	6,639,110	6,639,321
Issue of Shares	11		11
Cancelled in the year	(47)		(47)
Surplus for the year		584,535	584,535
Balance as at 31 March 2017	<u>175</u>	<u>7,223,645</u>	<u>7,223,820</u>

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2018
NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

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

Basis of Accounting

These financial statements 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 and comply with the Scottish Housing Regulator Determination of Accounting Requirements (December 2014).

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

The following principal accounting policies have been applied:

Going Concern

The Management Committee have assessed the Association's ability to continue as a going concern and have reasonable expectations that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Revenue

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

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

Retirement Benefits

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

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

Valuation Of Housing Properties

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

Component	Useful Economic Life
Kitchens	10 years
Bathrooms	15 years
Central Heating	15 years
Windows	25 years
Structure	50 & 100 years

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2018
NOTES TO THE FINANCIAL STATEMENTS

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	6 ⅔% Straight Line
Computers and other Office Equipment	20% Straight Line
Furniture and Fittings	15% Reducing Balance
Furniture for Furnished Accommodations	33 ⅓% Straight Line
Laundry Equipment in Sheltered Accommodations	20% Straight Line

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

Social Housing Grant And Other Grants In Advance/Arrears

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

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

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

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

Sales Of Housing Properties

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

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

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

Estimation Uncertainty

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

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.

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2018
NOTES TO THE FINANCIAL STATEMENTS

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) The Categorisation of Housing Properties

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

b) Identification of cash generating units

The Association considers its cash-generating units to be 660 in which it manages its housing property for asset management purposes.

Financial Instruments – Basic

The Association only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like rents, accounts receivable and payable, loans from banks and related parties.

These are recognised in accordance with Section 11 of Financial Reporting Standard 102

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

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

	Notes	2018			2017		
		Revenue	Operating Costs	Operating Surplus / (Deficit)	Revenue	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3	3,185,896	3,082,615	103,281	3,312,542	2,755,504	557,038
Other Activities	4	547,949	587,042	(39,093)	570,695	637,110	(66,415)
Total		<u>3,733,845</u>	<u>3,669,657</u>	<u>64,188</u>	<u>3,883,237</u>	<u>3,392,614</u>	<u>490,623</u>

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2018
NOTES TO THE FINANCIAL STATEMENTS

3. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Supported Housing £	Shared ownership £	2018 Total £	2017 Total £
Revenue from Lettings					
Rent Receivable Net of Identifiable Service Charges	2,005,492	235,206	56,572	2,297,270	2,251,834
Service Charges Receivable	264,160	29,393	-	293,553	282,058
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross Rents Receivable	2,269,652	264,599	56,572	2,590,823	2,533,892
Less: Rent losses from voids	(15,766)	(5,243)	-	(21,009)	(18,206)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Rents Receivable	2,253,886	259,356	56,572	2,569,814	2,515,686
Amortisation of Social Housing Grants and Other Grants	589,116	-	8,957	598,073	599,610
Revenue Grants from Local Authorities and Other Agencies	13,365	4,644	-	18,009	197,246
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Income From Social Letting	2,856,367	264,000	65,529	3,185,896	3,312,542
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditure on Social Letting Activities					
Service Costs	228,356	12,921	-	241,277	238,179
Management and maintenance administration costs	1,203,053	114,365	32,233	1,349,651	936,616
Reactive Maintenance	351,838	44,286	-	396,124	399,187
Bad Debts – Rents and Service Charges	32,748	-	-	32,748	7,934
Planned and Cyclical Maintenance, including Major Repairs	167,807	7,918	-	175,725	296,171
Depreciation of Social Housing	871,150	4,481	11,459	887,090	877,417
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating Costs of Social Letting	2,854,952	183,971	43,692	3,082,615	2,755,504
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operating Surplus on Social Letting Activities	1,415	80,029	21,837	103,281	557,038
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2017	<u>515,339</u>	<u>8,140</u>	<u>33,559</u>	<u>557,038</u>	

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2018
NOTES TO THE FINANCIAL STATEMENTS

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) 2018 £	Operating Surplus / (Deficit) 2017 £
Wider Role Activities	-	-	-	1,340	1,340	-	18,109	(16,769)	(6,391)
Care Activities	-	-	90,376	285,205	375,581	-	368,683	6,898	(45,751)
Factoring	-	-	-	171,028	171,028	-	200,250	(29,222)	(17,792)
Development	-	-	-	-	-	-	-	-	3,519
Total From Other Activities	-	-	90,376	457,573	547,949	-	587,042	(39,093)	(66,415)
2017	3,519	-	99,801	467,375	570,695	325	636,785	(66,415)	

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2018
NOTES TO THE FINANCIAL STATEMENTS

5. COMMITTEE MEMBERS AND 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.	2018 £	2017 £
No emoluments have been paid to any member of the Management Committee		
Aggregate emoluments payable to Key Management Personnel greater than £60,000 (excluding pension contributions)	<u>257,087</u>	<u>149,288</u>
Compensation payable to Key Management Personnel for Loss of Office	<u>67,500</u>	<u>-</u>
Emoluments payable to the Director/Chief Executive (excluding pension contributions)	136,983	80,998
Pension Contributions paid on behalf of Director/Chief Executive	<u>23,613</u>	<u>19,554</u>
Total Emoluments payable to Director/Chief Executive	<u>160,596</u>	<u>100,552</u>

Total number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

£60,001 - £70,000	-	1
£70,001 - £80,000	-	-
£80,001 - £90,000	-	1
£120,001 - £130,000	1	-
£130,001 - £140,000	1	-

There were payments to board members during the year for reimbursement of expenses of £1,704 (2017 - £993)

6. EMPLOYEE INFORMATION

	2018	2017
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>30</u>	<u>28</u>
The average total number of Employees employed during the year was	<u>38</u>	<u>34</u>
Staff Costs were:		
Wages and Salaries	886,893	801,217
Social Security Costs	81,711	70,833
Other Pension Costs	98,994	83,417
Agency Staff	<u>9,453</u>	<u>73,601</u>
	<u>1,077,051</u>	<u>1,029,068</u>

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2018
NOTES TO THE FINANCIAL STATEMENTS

7. (LOSS) ON SALE OF PROPERTY, PLANT & EQUIPMENT

	2018	2017
	£	£
Proceeds from Sale	44,800	45,000
Cost of Sale	<u>(49,885)</u>	<u>(61,299)</u>
(Loss) on Sale	<u>(5,085)</u>	<u>(16,299)</u>

8. INTEREST PAYABLE

	2018	2017
	£	£
On Bank Loans & Overdrafts	<u>22,977</u>	<u>25,565</u>

9. OPERATING SURPLUS

	2018	2017
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	962,803	942,495
Housing Association grant release	(592,576)	(594,113)
Commercial grant release	(1,700)	(1,700)
Council grant release	(5,497)	(5,497)
Auditors' Remuneration - Audit Services	<u>9,500</u>	<u>11,000</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 CHARGES

	2018	2017
	£	£
Unwinding of the pension discount factor	<u>(1,000)</u>	<u>(7,000)</u>

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2018
NOTES TO THE FINANCIAL STATEMENTS

12. FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Total £
COST			
As at 1 April 2017	29,920,249	1,172,372	31,092,621
Additions	470,447	-	470,447
Disposals	(59,134)	-	(59,134)
Transferred	219,209	(219,209)	-
	<hr/>	<hr/>	<hr/>
As at 31 March 2018	30,550,771	953,163	31,503,934
DEPRECIATION			
As at 1 April 2017	10,034,818	140,485	10,175,303
Charge for Year	875,631	11,459	887,090
Disposals	(8,274)	-	(8,274)
Transferred	(33,036)	33,036	-
	<hr/>	<hr/>	<hr/>
As at 31 March 2018	10,869,139	184,980	11,054,119
NET BOOK VALUE			
As at 31 March 2018	<hr/> 19,681,632	<hr/> 768,183	<hr/> 20,449,815
As at 31 March 2017	<hr/> 19,885,431	<hr/> 1,031,887	<hr/> 20,917,318

Total expenditure on existing properties in the year amounted to £1,042,296 (2017 - £1,351,684). The amount capitalised is £403,447 (2017- £656,326), with the balance charged to the Statement of Comprehensive Income. The amounts capitalised can be further split between component replacements of £403,447 and additional units £67,000.

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2018
NOTES TO THE FINANCIAL STATEMENTS

b) Other Tangible Assets	Office Furniture & Equipment	Commercial Property	Total
	£	£	£
COST			
As at 1 April 2017	883,781	396,913	1,280,694
Additions	60,608	-	60,608
Eliminated on Disposals	-	-	-
	<u>944,389</u>	<u>396,913</u>	<u>1,341,302</u>
	<u>944,389</u>	<u>396,913</u>	<u>1,341,302</u>
AGGREGATE DEPRECIATION			
As at 1 April 2017	669,083	257,348	926,431
Charge for year	50,700	25,013	75,713
Eliminated on disposal	-	-	-
	<u>719,783</u>	<u>282,361</u>	<u>1,002,144</u>
	<u>719,783</u>	<u>282,361</u>	<u>1,002,144</u>
NET BOOK VALUE			
As at 31 March 2018	224,606	114,552	339,158
As at 31 March 2017	<u>214,698</u>	<u>139,565</u>	<u>354,263</u>

c) Investments

	2018	2017
	£	£
Cost		
As at 1 April 2016 and 31 March 17	<u>380,000</u>	<u>380,000</u>
Provision for Loss on Investments		
As at 1 April 2017	(25,217)	(43,354)
Movement	<u>(6,045)</u>	<u>18,137</u>
As at 31 March 2018	<u>(31,262)</u>	<u>(25,217)</u>
Net Book Value		
As at 31 March 2018	<u>348,738</u>	<u>354,783</u>

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-	2018	2017
	£	£
Not later than one year	273	274
Later than one year and not later than five years	1,093	566
Later than five years	<u>273</u>	<u>-</u>
	<u>1,639</u>	<u>840</u>

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2018
NOTES TO THE FINANCIAL STATEMENTS

14. DEBTORS

	2018	2017
	£	£
Arrears of Rent & Service Charges	289,311	279,107
Less: Provision for Doubtful Debts	<u>(47,143)</u>	<u>(40,000)</u>
Net Rent Arrears	242,168	239,107
Other Receivables	<u>153,309</u>	<u>134,826</u>
	<u>395,477</u>	<u>373,933</u>

15. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Housing Loans	69,487	69,158
Trade Payables	269,828	157,480
Rent in Advance	59,693	51,201
Other Taxation and Social Security	-	-
Other Creditors	91,864	67,119
Liability for Past Service Contribution Arrangements	39,724	37,410
Accruals	<u>11,437</u>	<u>12,088</u>
	<u>542,033</u>	<u>394,456</u>

16. CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2018	2017
	£	£
Liability for Past Service Contribution Arrangements	112,688	152,412
Housing Loans – between one and two years	71,912	69,933
– between two and five years	194,198	201,048
– due after five years	<u>199,516</u>	<u>264,142</u>
	<u>465,626</u>	<u>535,123</u>
	<u>578,314</u>	<u>687,535</u>

Loans are secured by specific charges on the Association's properties.

All of the Association's bank borrowings are repayable on a monthly basis, at varying rates of interest, with the principal being amortised over the term of the loans.

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2018
NOTES TO THE FINANCIAL STATEMENTS

17. STATEMENT OF CASHFLOWS

Reconciliation of Surplus to balance as at 31 March 2018

	2018	2017
	£	£
Operating Surplus	64,188	490,623
Depreciation	962,803	942,495
Amortisation of Capital Grants	(599,773)	(601,310)
Change in debtors	(21,544)	84,204
Change in creditors	144,934	391
Movement in Pension Liability	(37,410)	(13,533)
Cancelled Shares	(64)	(47)
Balance as at 31 March 2018	<u>513,134</u>	<u>902,823</u>

18. DEFERRED INCOME

	2018	2017
	£	£
<i>a) Social Housing Grants</i>		
As at 1 April 2017	15,852,663	16,870,486
Additions in year	-	-
Released / Repaid as the result of property disposal	(44,736)	(423,710)
Amortisation in Year	(592,576)	(594,113)
As at 31 March 2018	<u>15,215,351</u>	<u>15,852,663</u>
 <i>b) Other Grants</i>		
Balance as at 1 April 2017	190,569	197,766
Additions in year	-	-
Released / Repaid as the result of property disposal	-	-
Amortisation in Year	(7,197)	(7,197)
As at 31 March 2018	<u>183,372</u>	<u>190,569</u>

This is expected to be released to the Statement of Comprehensive Income as follows:

Amounts due within one year	599,773	601,310
Amounts due in one year or more	<u>14,798,950</u>	<u>15,441,922</u>
	<u>15,398,723</u>	<u>16,043,232</u>

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2018
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19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 31 March 2017	175
Issued in year	13
Cancelled in year	(64)
At 31 March 2018	<u>124</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year-end was:-	2018	2017
	No.	No.
General Needs - New Build	130	127
- Rehabilitation	463	463
Shared Ownership	26	30
Supported Housing	70	70
	<u>689</u>	<u>690</u>

21. RELATED PARTY TRANSACTIONS

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

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

- Members are tenants of the Association
- Members are factored owners
- Management Committee members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.
- Transactions with Management Committee members were as follows:
 - Rent Received from Tenants on the Committee £10,704
- At the year- end total rent arrears owed by the tenant members of the Committee were £129.

22. DETAILS OF ASSOCIATION

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

The Association's principal place of business is Beardmore House, 631 Dumbarton Road, Clydebank, G81 4EU.

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

The Association is a Registered Society with the Scottish Property Factors Register and is domiciled in Scotland.

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2018
NOTES TO THE FINANCIAL STATEMENTS

23. RETIREMENT BENEFIT OBLIGATIONS

General

Dalmuir Park 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 year under FRS102 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 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 £616m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m, equivalent to a past service funding level of 76%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2016. 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 £810m and indicated an increase in the shortfall of assets compared to liabilities to approximately £210m, equivalent to a past service funding level of 79%.

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 employers in the scheme have entered into an agreement to make additional contributions to fund the Scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. 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 1.51%.

	2018	2017
	£	£
As at 1 April 2017	189,822	312,355
Interest expense	1,000	7,000
Deficit Contributions Paid	(37,410)	(26,533)
Impact of change in assumptions	(1,000)	6,000
Amendment to the contribution schedule	-	(109,000)
As at 31 March 2018	<u>152,412</u>	<u>189,822</u>

Included in the 2017 comparative figure in the Statement of Comprehensive Income is an amount of £109,000 which relates to a change in actuarial assumptions arising from the actuarial valuation in 2015. This resulted in a one off credit which has not been repeated in the current year.

If DPHA were to withdraw from the SHAPS scheme the liability of the withdrawal could potentially be £1,600,194.

DALMUIR PARK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 March 2018
NOTES TO THE FINANCIAL STATEMENTS

24. CAPITAL COMMITMENTS	2017	2016
	£	£
Capital expenditure which has been contracted for but has not been provided for in the financial statements	-	-
Capital expenditure which has been authorised by the Management Committee but is not contracted	-	-
Funded by	<u>-</u>	<u>-</u>