



Alexander Sloan
Accountants and Business Advisers

Thenue Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2017

Registered Housing Association No.HAL193

FCA Reference No. 1933R(S)

Scottish Charity No. SC032782

THENUE HOUSING ASSOCIATION LIMITED

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THENUE HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2017

BOARD OF MANAGEMENT

George Alexander	
Ian Campbell (Resigned 27 November 2016)	
Pauline Casey (Appointed 13 September 2016)	
Maureen Dowden	
Robert J Kelly	
Fody Keran (Appointed 13 September 2016)	
Charlotte Levy	
Filbert Musau	
Nicola McCurdy (Appointed 13 September 2016)	
Howard Mole	
Florence O'Hale (Appointed 13 September 2016)	
Derek Quinn	Vice Chairperson
William Redmond	
Frank Soutar (Resigned 20 September 2016)	
Owen Stewart	Chairperson

EXECUTIVE OFFICERS

Charles Turner	Chief Executive
Brian Gannon	Head of Housing & Community Regeneration
Elizabeth Reilly	Head of Property Services
John Russell	Head of Finance (IT & Corporate Services)

REGISTERED OFFICE

423 London Road
Glasgow
G40 1AG

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

INTERNAL AUDITORS

Scott-Moncreiff
25 Bothwell Street
Glasgow
G2 6NL

BANKERS

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

THENUE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2017

The Board of Management presents its report and the Financial Statements for the year ended 31st March 2017.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.1933R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC032782.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

The Association's aim is always to work together to create better homes and stronger communities...making people happy! That in effect means that we are committed to developing, managing and maintaining a range of affordable quality housing in sustainable communities. Working with our people we aim to improve all our services and grow deep community roots. This year has been one generally of consolidation and preparation. Consolidating our stock base, as for the first time in many a year we did not complete any new housing developments, but continued our programme of re-investing in older stock. Preparing ourselves for the completion of over one hundred new houses in 2018 and re-aligning our business, using efficiency savings secured by using technology to be in a position to continue to maximise our income as the full roll-out of Universal Credit approaches.

During the year we acquired 15 houses but lost 8 through Right to Buy. Right to Buy in Scotland ended in August 2016. The year saw the Association preparing both land and finances for the development of three sites. They are Franklin Street in Bridgeton, Holmyre Terrace in Castlemilk and Monteith Place in Calton. Grant from Glasgow City Council in the region of £1.74 million was received to facilitate this work, which included part of the cost of acquiring the 15 units as described above.

Towards the middle of 2016 we were offered an opportunity to commence work to improve both the energy efficiency and physical appearance of around 100 of our 1930's tenement flats in Calton. Overall some £627,000 was spent completing this work, which will be just the start of carrying out similar work to the remainder of our tenement flats in both Calton and in Bridgeton. This is an example of the work that will be required to meet the Energy Efficiency Standard for Social Housing (EESH). The Scottish Government brought EESH into force in March 2014 and all social landlords will be expected to achieve these new standards by 2020. Currently, the association knows that around 34% of its housing stock meets this standard, and is working on certification, analysis and a programme of works to be able to achieve this.

Lower than anticipated bad debts, (£3,000), cyclical repairs costs, (£150,000), property insurance costs, (£100,000), loan interest and other loan charges, (£257,000), rent loss in between tenancies, (known as void loss, £25,000) have all combined to generate a financial operating surplus of £4.2 million from an overall turnover of over £15.5 million. After accounting for non-operating items, the surplus in the twelve months is £2.2 million.

THENUE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2017

Review of Business and Future Developments (Contd.)

All of this adds to the overall efficiency of the organisation, as too does our investment in technology. By the end of March 2018 we aim to have around a quarter of tenants using the new self-service app that was launched at the very end of this year. A significant amount of time and finances has gone into this new and more efficient way for all the Association tenants to be able to access all of our transactional services from the comfort of their home or whilst on the go. The more efficient we can become over time means that this will give us a greater opportunity to redeploy resources where they are needed most, and without any shadow of doubt, maximising income is one such area. This is becoming more and more important to us as a result of welfare reform changes introduced by the UK Government in 2012.

Major changes to the benefits system have come into force in the last few years, including the Benefit Cap, the bedroom tax and the roll out of Universal Credit. Universal Credit will bring together a range of working-age benefits into a single streamlined payment. Universal Credit is a single monthly payment for people who are looking for work or on a low income. Universal credit is designed to be 'digital by default' where most applicants will be expected to apply online. This is a further step in the digitalisation of the welfare benefits service.

Whilst universal credit is available in our communities, current claimants must be either single, be aged between 18 and 60 years and not have responsibility for a child or qualifying young person. It is expected that the majority of people in our communities will be eligible to make a claim for universal credit in the future, although when the full (digital) service will reach our communities is not yet known. What is known is that the full roll-out of Universal Credit has been delayed until at least March 2022 after the Department for Work and Pensions announced a revised timetable for the scheme.

What we do know however, is that the partial roll-out has already begun to affect the Association and at the year-end more than 50 single household tenants have been required to lodge a digital claim, with every one requiring help from the Association's staff to complete the application and manage the resultant delay in receiving income. This, because of the scale, has had just a marginal detrimental effect on rent arrears, but this will certainly increase over time.

During a typical week at Thenue, we re-let 3.6 houses, with 29% of the overall lets being taken by a homeless family, (which is an increase from 17% last year), and we complete more than 200 reactive repairs, (97.7% completed right first time). At any one time the Association has more than 2,200 applicants on our housing waiting list. 83% of tenancy offers were accepted with 93% of tenants satisfied with the standard of their new home. Although overall tenancy sustainment was high at 86%, unfortunately, not all tenants were able to sustain their tenancy; 24 abandoned their property and 15 families were evicted for breach of conditions of tenancy.

THENUE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2017

Review of Business and Future Developments (Contd.)

The Association's stock base stands at 2,826 homes plus 59 shared ownership properties with an additional 175 residents living in 23 'hostel' type properties. Of the properties owned at the year end, 6 flats were removed from management for subsequent demolition and one hostel property for 25 residents was similarly removed from management awaiting conversion into flats. At the year-end we provided a factoring service to 589 owner occupiers living in our communities.

The community regeneration side of the work of the Association continues to exceed aspirations. During the year we secured some £341,000 of grant income to enhance our award winning Learning Works programme, our Smart Communities and Urban Fox projects which are all supplemented by our Volunteer Co-ordinator programme. Mid-year we received the fantastic news that the Big Lottery awarded us £896,000 to build a small community centre in Netherholm, Castlemilk, and work began constructing this in January 2017.

The Association has loans with three lenders, (Royal Bank of Scotland, Nationwide Building Society and The Housing Finance Corporation). Combined outstanding loans at the end of the year totalled some £39.3 million. Consistently throughout the year the Association has satisfied all relevant financial covenants.

Thenue's Board of Management believes that good business and sustained performance stems from good corporate governance. Governance supports open and transparent business, ensures that we have the right safeguards in place and make certain that every decision we take is underpinned by the right considerations. This approach enables us to protect the integrity of the Association, meet our strategic objectives, create value for our tenants and build a long-term sustainable organisation, to allow both current and future generations to benefit.

Our Board is clear that by doing the right things in the right way we can protect our brand, reputation and relationship with our people and strengthens our values in all our local communities. Value is not a straightforward concept, especially from the perspective of our customers. Outcomes can often be intangible as a broad range of stakeholders benefit from the value created. Whilst our tenants are our primary focus that means that as a socially responsible landlord we have to be crystal clear about our purpose and our role in our different communities. There is a strong relationship between service costs and service levels and we aim to show this relationship in a transparent way. That therefore puts that emphasis back onto our core values of passion, excellence, respect and connection, and as we live those values we aim to enhance our overall value for money.

THENUE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2017

Board of Management and Executive Officers

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

Each member of the Board of Management 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 Board of Management.

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

Statement of Board of Management's Responsibilities

The Co-operative and Community Benefit Act 2014 requires the Board of Management 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 Board of Management 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 Board of Management 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 Board of Management must in determining how amounts are presented within items in the statement of comprehensive income and statement of financial position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Board of Management 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 members of the Board of Management 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.

THENUE HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2017

Statement on Internal Financial Control

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

Auditors

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

By order of the Board of Management


CHARLES TURNER
Secretary
15 August 2017

THENUE HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF THENUE HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards with the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator, in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Board of Management and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Board of Management'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
Statutory Auditors
GLASGOW
15 August 2017



Alexander Sloan
Accountants and Business Advisers



We have audited the financial statements of Thenue Housing Association Limited for the year ended 31st March 2017 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 standards of the United Kingdom (Generally Accepted Accounting Principles).

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 Board of Management and Auditors

As explained more fully in the Statement of Board of Management's Responsibilities the Association's Board of Management, 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 Financial Reporting Council's (FRC) 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 Board of Management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Board of Management's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, 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 Board of Management'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
THENUE 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
15 August 2017



Alexander Sloan
Accountants and Business Advisers

THENUE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017		2016	
		£	£	£	£
REVENUE	2.		15,563,963		15,501,101
Operating Costs	2.		(11,390,853)		(11,220,298)
OPERATING SURPLUS	9.		4,173,110		4,280,803
Gain / (Loss) On Sale Of Housing Stock	7.	121,367		(29,068)	
Release of Negative Goodwill	23.	27,486		27,486	
Interest Receivable and Other Income		17,327		15,646	
Interest Payable and Similar Charges	8.	(1,995,641)		(2,346,417)	
Other Finance Charges	11.	(127,324)		(69,038)	
			(1,956,785)		(2,401,391)
SURPLUS FOR YEAR			2,216,325		1,879,412
Other Comprehensive Income			-		-
TOTAL COMPREHENSIVE INCOME			2,216,325		1,879,412

The notes on pages 14 to 32 form part of these financial statements.

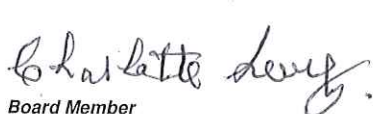
THENUE HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2017

	Notes	2017		2016	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12.(a)		137,495,540		138,066,469
Other Non Current Assets	12.(b)		3,776,539		3,852,629
			<u>141,272,079</u>		<u>141,919,098</u>
Negative Goodwill	23.		(734,329)		(761,815)
INVESTMENTS					
Investment in subsidiaries	26.	100		100	
			<u>100</u>		<u>100</u>
CURRENT ASSETS					
Receivables	15.	1,630,881		1,921,651	
Cash at bank and in hand		3,392,668		2,390,244	
		<u>5,023,549</u>		<u>4,311,895</u>	
CREDITORS: Amounts falling due within one year	16.	(4,459,437)		(3,269,703)	
			<u>564,112</u>		<u>1,042,192</u>
NET CURRENT ASSETS					
TOTAL ASSETS LESS CURRENT LIABILITIES					
			141,101,962		142,199,575
CREDITORS: Amounts falling due after more than one year	17.		(42,155,993)		(45,862,991)
PROVISIONS FOR LIABILITIES AND CHARGES					
Other Provision	28	(522,649)		(561,641)	
			<u>(522,649)</u>		<u>(561,641)</u>
DEFERRED INCOME					
Social Housing Grants	19.	(78,631,111)		(78,173,139)	
Other Grants	19.	(2,637,695)		(2,663,620)	
			<u>(81,268,806)</u>		<u>(80,836,759)</u>
NET ASSETS					
			<u>17,154,514</u>		<u>14,938,184</u>
EQUITY					
Share Capital	20.		191		186
Revenue Reserves			17,154,323		14,937,998
			<u>17,154,514</u>		<u>14,938,184</u>

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 15 August 2017.


Chairperson


Board Member


Secretary

The notes on pages 14 to 32 form part of these financial statements.

THENUE HOUSING ASSOCIATION LIMITED

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

	Notes	2017		2016	
		£	£	£	£
Net Cash Inflow from Operating Activities	18.		6,648,011		5,749,693
Investing Activities					
Acquisition and Construction of Properties		(3,796,211)		(3,624,476)	
Purchase of Other Fixed Assets		(85,982)		(17,323)	
Social Housing Grant Received		3,249,548		1,986,265	
Social Housing Grant Repaid		(133,860)		(87,878)	
Proceeds on Disposal of Properties		393,449		132,330	
Net Cash Outflow from Investing Activities			(373,056)		(1,611,082)
Financing Activities					
Loan Advances Received		100,000		-	
Interest Received on Cash and Cash Equivalents		17,327		15,646	
Interest Paid on Loans		(1,698,080)		(1,776,393)	
Loan Principal Repayments		(3,691,788)		(1,881,161)	
Share Capital Issued		10		42	
Net Cash Outflow from Financing			(5,272,531)		(3,641,866)
Increase in Cash			1,002,424		496,745
Opening Cash & Cash Equivalents			2,390,244		1,893,499
Closing Cash & Cash Equivalents			3,392,668		2,390,244
Cash and Cash equivalents as at 31 March 2017.					
Cash			3,392,668		2,390,244
			3,392,668		2,390,244

The notes on pages 14 to 32 form part of these financial statements.

THENUE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

AS AT 31st MARCH 2017

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2015	157	13,058,586	13,058,743
Issue of Shares	42	-	42
Cancellation of Shares	(13)	-	(13)
Surplus for Year	-	1,879,412	1,879,412
Balance as at 31 March 2016	186	14,937,998	14,938,184
Balance as at 1st April 2016	186	14,937,998	14,938,184
Issue of Shares	10	-	10
Cancellation of Shares	(5)	-	(5)
Surplus for Year	-	2,216,325	2,216,325
Balance as at 31 March 2017	191	17,154,323	17,154,514

The reserves opening balance at 1st April 2015 has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

The notes on pages 14 to 32 form part of these financial statements.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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.

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

Basis Of Consolidation

The financial statements for Thenue Housing Association Limited present information about it as an individual undertaking and not about the group.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it 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. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. The Association also participates in the Scottish Housing Association Defined Contribution Scheme.

The Association still has a liability for past service costs contributions to the Scottish Housing Association Defined Benefit Pension Scheme. The Association provides 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 a high quality corporate bond.

Valuation Of Housing Properties

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

Component	Useful Economic Life
Bathrooms	30 years
Boilers	15 years
Cladding	20 years
Door	30 years
Heating System	30 years
Kitchens	20 years
Structure	50 years
Windows	30 years
Wiring	30 years

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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:

-Bathroom	30 years
-Boiler	15 years
-Cladding	20 years
-Door	30 years
-Heating system	30 years
-Kitchens	20 years
-Structure	50 years
-Windows	30 years
-Wiring	30 years
Commercial Premises	30-50 years
Furniture and Fittings	5 years
Computer & Office Equipment	5 years
Calton Heritage & Learning Centre	50 years

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.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Estimation Uncertainty

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

a) 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.

b) 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.

c) 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 assessment.

d) 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.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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.

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Development Interest

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

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

Negative Goodwill

Negative goodwill created through acquisition is written off to the Statement of Comprehensive Income as the non-cash assets acquired are depreciated or sold.

Housing Property Managed By Agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

Provisions

In accordance with FRS 102, provision is made for the following items in the accounts: The Association receives service charge income from supported accommodation tenants in relation to the costs of furniture and flooring replacement. The balance of unspent service charge income relating to furniture and flooring is included as a liability where amounts are repayable or contributions reduced.

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board of Management to exercise judgement in applying Thenue 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, are disclosed below:

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

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

b) Identification of cash generating units

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

c) Pension Liability

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

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

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

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2017			2016		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	14,770,457	10,638,235	4,132,222	14,548,351	10,298,082	4,250,269
Other Activities	4.	793,506	752,618	40,888	952,750	922,216	30,534
Total		15,563,963	11,390,853	4,173,110	15,501,101	11,220,298	4,280,803

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General			2017 Total £	2016 Total £
	Needs Housing £	Supported Housing £	Shared ownership £		
Revenue from Lettings					
Rent Receivable Net of Service Charges	11,460,009	690,124	103,207	12,253,340	12,069,523
Service Charges	294,281	99,914	328	394,523	395,784
Gross income from rent and service charges	11,754,290	790,038	103,535	12,647,863	12,465,307
Less: Rent losses from voids	47,842	27,814	1,397	77,053	87,928
Net Rents Receivable	11,706,448	762,224	102,138	12,570,810	12,377,379
Grants released from deferred income	1,977,474	214,904	7,269	2,199,647	2,170,972
Total turnover from affordable letting activities	13,683,922	977,128	109,407	14,770,457	14,548,351
Expenditure on affordable letting activities					
Management and maintenance administration costs	3,084,342	186,208	56,281	3,326,831	3,289,133
Service Costs	340,791	117,174	-	457,965	438,650
Planned and cyclical maintenance, including major repairs	1,050,473	70,042	-	1,120,515	976,429
Reactive maintenance costs	1,542,257	89,030	-	1,631,287	1,535,226
Bad Debts - rents and service charges	2,923	-	-	2,923	94,240
Depreciation of affordable let properties	3,820,043	253,982	24,689	4,098,714	3,964,404
Operating costs of affordable letting activities	9,840,829	716,436	80,970	10,638,235	10,298,082
Operating surplus on affordable letting activities	3,843,093	260,692	28,437	4,132,222	4,250,269
2016	3,970,484	267,926	11,859		

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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) 2017	Operating Surplus / (Deficit) 2016
	£	£	£	£	£	£	£	£	£
Wider Role Activities	96,830	244,242	-	-	341,072	-	387,059	(45,987)	(16,433)
Factoring	-	78,000	-	217,878	295,878	-	276,674	19,204	(13,990)
Support Activities	-	-	946	-	946	-	1,125	(179)	(221)
Development and construction of property activities	-	-	-	-	-	-	9,751	(9,751)	(8,501)
Other activities	-	-	-	155,610	155,610	-	78,009	77,601	69,679
Total From Other Activities	96,830	322,242	946	373,488	793,506	-	752,618	40,888	30,534
2016	110,228	455,434	946	386,142	952,750	-	922,216	30,534	

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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 Board of Management, managers and employees of the Association.

	2017	2016
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>137,463</u>	<u>136,102</u>
Pension contributions made on behalf of Officers with emoluments greater than £60,000	<u>13,197</u>	<u>13,066</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>75,691</u>	<u>74,942</u>
Total Emoluments paid to key management personnel	<u>302,366</u>	<u>293,554</u>

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

	Number	Number
£60,001 to £70,000	<u>1</u>	<u>1</u>
£70,001 to £80,000	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

	2017	2016
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>63</u>	<u>63</u>
The average total number of Employees employed during the year was	<u>73</u>	<u>73</u>
Staff Costs were:	£	£
Wages and Salaries	2,172,825	2,138,381
Social Security Costs	216,578	161,676
Other Pension Costs	190,793	187,528
	<u>2,580,196</u>	<u>2,487,585</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	2017	2016
	£	£
Sales Proceeds	393,449	132,330
Cost of Sales	272,082	161,398
Gain / (Loss) On Sale Of Housing Stock	<u>121,367</u>	<u>(29,068)</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans & Overdrafts	1,995,641	2,346,417
	<u>1,995,641</u>	<u>2,346,417</u>

The above reflects the interest charge as calculated using the effective interest rate method.
The actual interest paid during the year was £1,698,080 (2016: £1,776,393).

9. SURPLUS FOR YEAR

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	4,179,714	4,152,467
Auditors' Remuneration - Audit Services	14,089	15,648
Operating Lease Rentals - Land & Buildings	55,078	55,078
Operating Lease Rentals - Other	12,119	17,967
Gain on sale of fixed assets	<u>121,367</u>	<u>(29,068)</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE INCOME / CHARGES

	2017	2016
	£	£
Unwinding of Discounted Liabilities	<u>127,324</u>	<u>69,038</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
COST				
As at 1st April 2016	166,912,838	2,624,499	1,278,069	170,815,406
Additions	2,561,650	1,234,561	-	3,796,211
Disposals	(564,696)	-	(51,377)	(616,073)
As at 31st March 2017	168,909,792	3,859,060	1,226,692	173,995,544
DEPRECIATION				
As at 1st April 2016	32,402,623	-	346,314	32,748,937
Charge for Year	3,992,953	-	24,689	4,017,642
Disposals	(255,374)	-	(11,201)	(266,575)
As at 31st March 2017	36,140,202	-	359,802	36,500,004
NET BOOK VALUE				
As at 31st March 2017	132,769,590	3,859,060	866,890	137,495,540
As at 31st March 2016	134,510,215	2,624,499	931,755	138,066,469

Additions to housing properties include capitalised development administration costs of £65,006 (2016 - £56,671) and capitalised major repair costs to existing properties of £1,293,439 (2016 - £1,136,280)

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £2,759,984. The amount capitalised is £2,561,650, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £1,293,439 and improvement of £1,268,211.

Impairment Charges

An impairment review was carried out on housing land and buildings during the year. As a result of this the following impairment charges have been recognised and are included within depreciation charges.

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership £	Total £
Impairment Charge	58,088	-	-	58,088

This impairment charge has resulted in reduction of surplus and the net book value of housing properties by the amount of the charge

The Association's Lenders have standard securities over Housing Property with a carrying value of £60,311,732 (2016 - £61,469,832).

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

b) Other Tangible Assets	Commercial Property & Learning Centre £	Calton Heritage Learning Centre £	Office Premises £	Furniture & Equipment £	Total £
COST					
As at 1st April 2016	244,397	671,176	3,332,693	1,287,578	5,535,844
Additions	-	-	-	85,982	85,982
Eliminated on Disposals	-	-	(114,515)	(1,037,867)	(1,152,382)
As at 31st March 2017	244,397	671,176	3,218,178	335,693	4,469,444
AGGREGATE DEPRECIATION					
As at 1st April 2016	40,006	43,029	395,290	1,204,890	1,683,215
Charge for year	6,570	14,394	73,970	67,138	162,072
Eliminated on disposal	-	-	(114,515)	(1,037,867)	(1,152,382)
As at 31st March 2017	46,576	57,423	354,745	234,161	692,905
NET BOOK VALUE					
As at 31st March 2017	197,821	613,753	2,863,433	101,532	3,776,539
As at 31st March 2016	204,391	628,147	2,937,403	82,688	3,852,629

13. CAPITAL COMMITMENTS

	2017 £	2016 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	9,909,000	-

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

14. COMMITMENTS UNDER OPERATING LEASES

	2017 £	2016 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Other		
Not later than one year	18,816	2,975
Later than one year and not later than five years	94,471	107,184

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

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Arrears of Rent & Service Charges	514,196	591,623
Less: Provision for Doubtful Debts	(262,169)	(331,729)
	<u>252,027</u>	<u>259,894</u>
Social Housing Grant Receivable	718,497	1,015,356
Other Receivables	654,620	632,623
Amounts Due from Group Undertakings	5,737	13,778
	<u>1,630,881</u>	<u>1,921,651</u>

16. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Housing Loans	930,355	898,995
Trade Payables	1,751,505	622,301
Rent in Advance	743,309	671,376
Social Housing Grant in Advance	294,756	103,966
Other Taxation and Social Security	5,330	55,948
Other Payables	46,126	110,590
Liability for Past Service Contributions	508,786	494,204
Accruals and Deferred Income	179,270	312,323
	<u>4,459,437</u>	<u>3,269,703</u>

At the statement of financial position date there were pension contributions outstanding of £Nil (2016 £67,434).

17. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2017 £	2016 £
Liability for Past Service Contributions	2,082,463	2,463,874
Housing Loans	40,073,530	43,399,117
	<u>42,155,993</u>	<u>45,862,991</u>
Housing Loans		
Amounts due within one year	930,355	898,995
Amounts due in one year or more but less than two years	939,201	902,016
Amounts due in two years or more but less than five years	4,457,231	3,482,780
Amounts due in more than five years	34,677,098	39,014,321
	<u>41,003,885</u>	<u>44,298,112</u>
Less: Amount shown in Current Liabilities	930,355	898,995
	<u>40,073,530</u>	<u>43,399,117</u>
Liability for Past Service Contributions		
Amounts due within one year	508,786	494,204
Amounts due in one year or more but less than two years	524,049	508,839
Amounts due in two years or more but less than five years	539,771	1,619,953
Amounts due in more than five years	1,018,643	335,082
	<u>2,591,249</u>	<u>2,958,078</u>
Less: Amount shown in Current Liabilities	508,786	494,204
	<u>2,082,463</u>	<u>2,463,874</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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
Nationwide	Standard Security over 13 properties	4.60%	2029	Fixed
Nationwide	Standard Security over 18 properties	4.60%	2031	Fixed
Nationwide	Standard Security over 17 properties	4.60%	2033	Fixed
Nationwide	Standard Security over 33 properties	1.50%	2035	Fixed
Nationwide	Standard Security over 6 properties	4.60%	2030	Fixed
Nationwide	Standard Security over 7 properties	4.60%	2028	Fixed
Nationwide	Standard Security over 31 properties	4.60%	2029	Fixed
Nationwide	Standard Security over 57 properties	4.60%	2034	Fixed
Nationwide	Standard Security over 46 properties	4.60%	2031	Fixed
Nationwide	Standard Security over 18 properties	4.60%	2031	Fixed
RBS	Standard Security over 94 properties	5.48%	2035	Fixed
RBS	Standard Security over 78 properties	5.48%	2037	Fixed
RBS	Standard Security over 551 properties	6.15%	2035	Fixed/Variable
RBS	Standard Security over 357 properties	4.56%	2024	Variable
THFC	Standard Security over 153 properties	3.23%	2031	Variable

All of the Association's bank borrowings are repayable on a quarterly basis with the principal either being amortised over the term of the loans or repaid at the end of 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 1.06% (2016 - 2.22%)

Due to lenders at the year end	39,290,888	42,882,676
Effective interest rate adjustment	1,712,997	1,415,436
Loans at amortised cost using the effective interest rate	<u>41,003,885</u>	<u>44,298,112</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to 31 March 2017

	2017 £	2016 £
Operating Surplus	4,173,110	4,280,803
Depreciation	4,260,785	4,152,467
Change in Provisions for liabilities and charges	(38,992)	(36,531)
Amortisation of Capital Grants	(2,199,647)	(2,170,972)
Change in debtors	(6,089)	6,911
Change in creditors	586,173	(413,934)
Unwinding of Discount on Pension Liability	(127,324)	(69,038)
Share Capital Written Off	(5)	(13)
	<u>6,648,011</u>	<u>5,749,693</u>

19. DEFERRED INCOME

	2017 £	2016 £
Social Housing Grants		
Balance as at 1st April 2016	97,031,934	94,598,535
Additions in the year	2,684,831	2,545,956
Eliminated on disposal components and property	(118,379)	(112,557)
Balance as at 31st March 2017	<u>99,598,386</u>	<u>97,031,934</u>
Amortisation		
Balance as at 1st April 2016	18,858,795	16,772,403
Amortisation in year	2,108,480	2,086,392
Balance as at 31st March 2017	<u>20,967,275</u>	<u>18,858,795</u>
Net book value		
Balance as at 31st March 2017	<u>78,631,111</u>	<u>78,173,139</u>
Other Grants		
Balance as at 1st April 2016	2,880,650	2,882,460
Additions in the year	77,068	-
Eliminated on disposal components and property	(11,826)	(1,810)
Balance as at 31st March 2017	<u>2,945,892</u>	<u>2,880,650</u>
Amortisation		
Balance as at 1st April 2016	217,030	132,450
Amortisation in year	91,167	84,580
Balance as at 31st March 2017	<u>308,197</u>	<u>217,030</u>
Net book value		
Balance as at 31st March 2017	<u>2,637,695</u>	<u>2,663,620</u>
Total grants net book value as at 31 March 2017	<u>81,268,806</u>	<u>80,836,759</u>

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

	2017 £	2016 £
Amounts due within one year	2,199,647	2,170,972
Amounts due after more than one year	79,069,159	78,665,787
	<u>81,268,806</u>	<u>80,836,759</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2016	186
Issued in year	10
Cancelled in year	(5)
At 31st March 2017	<u>191</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.

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2017 No.	2016 No.
General Needs	2,809	2,805
Shared Ownership	59	61
Supported Housing	161	189
	<u>3,029</u>	<u>3,055</u>

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RELATED PARTY TRANSACTIONS

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

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their position 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 is made at arm's length, is under normal commercial terms.

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

	£
Rent and factoring received from Tenants on the Board of Management and their close family members	29,782
Factoring Charges received from owners on the Board of Management	512

At the year end total rent arrears owed by the tenant members of the Board of Management (and their close family) were £261

Members of the Board of Management who were tenants	7
Members of the Board of Management who are owner occupiers	1
Members of the Board of Management who are local councillors	0

23. NEGATIVE GOODWILL

	2017	2016
	£	£
Balance as at 1st April 2016	761,815	789,301
Release during the year	(27,486)	(27,486)
As at 31st March 2017	734,329	761,815

24. DETAILS OF ASSOCIATION

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

The Association's principal place of business is 423 London Road, Glasgow, G40 1AG.

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

25. GOVERNING BODY MEMBER EMOLUMENTS

Board of Management members received £1,407 in the year by way of reimbursement of expenses. (2016 - £1,541). No remuneration is paid to Board of Management members in respect of their duties in the Association.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. INVESTMENTS

	2017 £	2016 £
Investments in Subsidiaries		
As at 31st March 2017 & 31st March 2016	100	100

In the opinion of the Board of Management the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has three 100% owned subsidiaries, being Thenue Housing Services Limited, Calton Heritage & Learning Centre and Thenue Trust. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The following transactions took place between the entities during the year:

Thenue Housing Services Limited:

The Association incurred costs on behalf of its subsidiary Thenue Housing Services Limited of £8,691 (2016: £10,349). These costs have been recharged to Thenue Housing Services Limited. At the year end, the amount owing by Thenue Housing Services Limited to the Association was £498 (2016: £5,779).

Calton Heritage & Learning Centre:

The Association also administers the funds of the Calton Heritage & Learning Centre. In the year to 31 March 2017 the Association administered £193,529 (2016: £157,616) of income and £141,763 (2016: £122,547) of expenditure on behalf of the charity. Standard rates are charged to the Association when it makes use of the centre. The rent paid amounted to £10,036 (2016: £9,592). At the year end, the Association was owed £5,664 (2016: £8,000), and owed £1,198 (2016: £2,096). The amounts are interest free and repayable on demand.

Thenue Trust:

The Association also administers the funds of Thenue Trust. In the year to 31 March 2017 the Association administered £200 of income (2016: £Nil) and £nil of expenditure (2016: £21) on behalf of the charity.

The aggregate amount of capital and reserves and the results of Thenue Housing Services Limited, Calton Heritage & Learning Centre and Thenue Trust for the year ended 31st March 2017 were as follows:

	2017 £	2016 £
Capital & Reserves	216,920	164,623
Profit / Surplus for the year	52,381	35,552

The Association participates in a shared equity arrangement at 31 March 2017. At this date the Association has expended £2,539,394 on shared equity properties and received £2,539,394 in grants.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

General

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

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

All employers in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £2591249 (2016 - £2958078). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.06%.

The Association made payments totalling £492715 (2016: £478364) to the pension scheme during the year.

THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 PROVISIONS FOR LIABILITIES AND CHARGES

Furniture & Flooring Replacement	2017 £	2016 £
Balance as at 1st April 2016	561,641	598,172
Decrease in Provision	(38,992)	(36,531)
Balance as at 31st March 2017	<u>522,649</u>	<u>561,641</u>