



**Alexander Sloan**  
Accountants and Business Advisers

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# **Thenue Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31 March 2018**

**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

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## BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2018

### BOARD OF MANAGEMENT

|                  |                             |
|------------------|-----------------------------|
| George Alexander |                             |
| Pauline Casey    |                             |
| Maureen Dowden   |                             |
| Abdifatah Hayde  | Appointed 12 September 2017 |
| Robert J Kelly   | Resigned 27 February 2018   |
| Foday Keran      |                             |
| Charlotte Levy   |                             |
| Filbert Musau    |                             |
| Nicola McCurdy   |                             |
| Howard Mole      |                             |
| Florence O'Hale  |                             |
| Derek Quinn      | Vice Chairperson            |
| William Redmond  |                             |
| 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

### EXTERNAL AUDITORS

Alexander Sloan  
Accountants and Business Advisers  
180 St Vincent Street  
Glasgow  
G2 5SG

### 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

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

The Board of Management presents its report and the Financial Statements for the year ended 31 March 2018.

### Legal Status

Thenue Housing Association Limited ("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. After a year of consolidation and preparation, this past year has been a year of growth and preparation. The year started literally on site both in Castlemilk (Holmbyre Terrace) and in Bridgeton, (Franklin Street), laying the foundations for what was to be 67 new houses and a community centre. As the year progressed, development work also commenced on site opposite the entrance of 'The Barras'.

This development of both the Monteith Hotel and the surrounding site will ultimately yield an additional 49 modern flats. At one point in the year, some 116 new houses therefore were under construction and grant from Glasgow City Council amounting to £ 6.1 million was received in the year to facilitate this work.

At the year end 11 of the above properties were complete. These 11, plus the acquisition of a further 20 properties, (also funded through grant assistance from Glasgow City Council), took the total housing stock base to 2,856 homes plus 57 shared ownership properties and 23 hostel type properties providing accommodation for 175 residents. Of the properties owned at the year end 6 flats were empty awaiting demolition and one hostel property for 25 residents was removed from day to day management whilst undergoing conversion into flats. Right to Buy in Scotland ended in the summer of 2016. It took until this financial year for the final sale to be concluded.

Our preparations continue to be as prepared as we can be pending the full roll-out of Universal Credit, which for us will occur from September 2018 onwards.

By far the largest area of expenditure during the year was on repairs and maintenance on properties that have been in our ownership for a long time. In total this amounted to over £5 million; some 40% of total rental income. The split of this was cyclical repairs £0.82 million; reactive and void repairs, £1.68 million; major repairs, £2.57 million. Most of the major repairs expenditure was connected with external wall insulation and associated work to around 270 of our '1930's Wilson Block tenements. Difficult and intricate work neared completion to one of our properties in the Gallowgate; a 'B' listed building that dates back to 1771, and stone work repair to flats in Abercromby Street accounted for most of the balance

All of the reactive and void expenditure was focussed on completing over 9,500 reactive repairs and re-letting 200 houses that became vacant during the year. Approximately half way through the year we re-tendered our reactive repairs service. We were very happy to re-appoint Mears to carry out this work on our behalf. Their competitive pricing won the contract, and our tenants' overall satisfaction with this service at 98% reinforces this decision.

# THENUE HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

### Review of Business and Future Developments (Continued)

Elsewhere, high levels of satisfaction have been maintained or have been exceeded throughout the year. 95% satisfaction relating to our resolution of anti-social behaviour complaints; 88% satisfaction with our neighbourhoods; 92% satisfaction with the standard of a new home; 92% satisfaction with being kept informed; 90% overall satisfaction.

All of these figures please us, but we are not perfect. Our tenants were only 78% satisfied with the opportunities to participate in our work; with 3,062 gas certificates in place, unfortunately we missed one; the average length of time property remained empty in between tenancies increased from 24 to 26 days. Our focus will be to improve our performance in these areas of the business.

Collecting more than 100% of our rental income is always going to yield good results. Collecting £31k more than we anticipated begins to help explain why our overall rent arrears have reduced both in monetary value, (to £460k), and in percentage terms, (to 3.6%); why our void loss remains low at 0.5%; why our tenancy sustainment figure is the highest ever at 94% and why our tenancy refusal rate has halved, at 12%. The first paragraph of this review mentioned being prepared for Universal Credit. This has already manifested itself in our early intervention and support where necessary, for tenants that for whatever reason fall behind in their rent payments. Our strong financial performance has been underpinned by the number of Notices of Proceedings, reduced by 39%; tenancy abandonments reduced by 32%; evictions reduced by 60% and overall gross arrears reduced by 14%.

Overall, we have generated an operating surplus of £4.2million, which is £0.85 million more than we planned at the start of the year. After accounting for non-operating items, the overall surplus in the 12 months amounted to £2.56 million. We have 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 £38 million. Consistently throughout the year the association has satisfied all relevant financial covenants.

All of this is very welcome news, as it helps us prepare for 2019 and beyond, when we know that we will be required to retrofit two smoke alarms linked to carbon monoxide detectors, which are all interlinked, in a number of our properties that currently only have one. This is a consequence of the Grenfell Tower fire disaster of June 2017, and this will become mandatory for all Registered Social Landlords to complete this work over a two-year period.

Looking forward, then we can anticipate more than 100 new houses being occupied, our new Netherholm Community Hall being used by our Castlemilk community, completing all of our external wall insulation work, and starting a programme of renewing kitchen units in houses that were built 18 years ago. We also anticipate being able to deliver more 'Learning Works' programmes for our unemployed residents and 'Smart Communities' IT and digital help for all our tenants. This last one is especially important as we roll out further our new self-service app and work on making sure that our web site is a source of not just information, but also a way of being able to engage with us. This gives our tenants a different way of maintaining their relationship with us, at a time and place that suits them. From an efficiency perspective, it helps us to reduce costs, which in turn, reduces pressure on future levels of rent increase. Using our App is 20 times cheaper than using the phone; 30 times cheaper than letters; 50 times cheaper than the time taken for a face to face discussion. This will free up staff time in order to help those tenants of ours that will be required to claim Universal Credit as their source of income and means of paying their rent.

The full roll-out of Universal Credit in our communities will take place between September and December 2018. We are as prepared for this as we can. In summary this year has been a year of really good, all round, great performance.

# THENUE HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

### 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 require 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the 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 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

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

### 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:

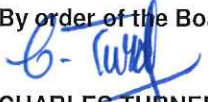
- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility 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 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

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

By order of the Board of Management



CHARLES TURNER

Secretary

14 August 2018

# THENUE HOUSING ASSOCIATION LIMITED

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## 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 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

### **Basis of Opinion**

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

### **Opinion**

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

Through enquiry of certain members of the 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**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
14 August 2018



**Alexander Sloan**  
Accountants and Business Advisers



# THENUE HOUSING ASSOCIATION LIMITED

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

### Opinion

We have audited the financial statements of Thenue Housing Association Limited ("the Association") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 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 prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

### 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other 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 Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management has 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 Board of Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Management.

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

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position 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.

# THENUE HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THENUE HOUSING ASSOCIATION LIMITED (Continued)

### Responsibilities of the Board of Management

As explained more fully in the Statement of Board of Management's Responsibilities as set out on Page 4, the Board of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do

### Auditor's responsibilities for the audit of the financial statements

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 a 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.
- Conclude on the appropriateness of the Board of Management 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 Association'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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

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.



**ALEXANDER SLOAN**  
Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
14 August 2018



**Alexander Sloan**  
Accountants and Business Advisers

# THENUE HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

|  | Notes | 2018<br>£          | Restated<br>2017<br>£ |
|--|-------|--------------------|-----------------------|
| REVENUE  | 2     | 15,980,086         | 15,563,963            |
| Operating Costs                                | 2     | (11,762,167)       | (11,390,853)          |
| <b>OPERATING SURPLUS</b>                       |       | <b>4,217,919</b>   | <b>4,173,110</b>      |
| (Loss) / Gain On Sale Of Housing Stock         | 7     | (4,718)            | 121,367               |
| Release of Negative Goodwill                   | 23    | 27,486             | 27,486                |
| Interest Receivable and Other Income           |       | 8,154              | 17,327                |
| Interest Payable and Similar Charges           | 8     | (1,680,660)        | (1,716,230)           |
| Other Finance Income / (Charges)               | 11    | (6,465)            | (127,324)             |
|  |       | <b>(1,656,203)</b> | <b>(1,677,374)</b>    |
| Surplus on ordinary activities before taxation |       | 2,561,716          | 2,495,736             |
| Other Comprehensive Income                     |       | -                  | -                     |
| <b>TOTAL COMPREHENSIVE INCOME</b>              |       | <b>2,561,716</b>   | <b>2,495,736</b>      |

The notes on pages 13 to 29 form part of these financial statements.

# THENUE HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

|  | Notes  | 2018               |                          | Restated<br>2017         |
|--|--------|--------------------|--------------------------|--------------------------|
|  |        | £                  | £                        | £                        |
| <b>NON-CURRENT ASSETS</b>                                      |        |                    |                          |                          |
| Housing Properties - Depreciated Cost                          | 12 (a) |                    | 144,377,015              | 137,495,540              |
| Other Non-current Assets                                       | 12 (b) |                    | 4,375,386                | 3,776,539                |
|  |        |                    | <u>148,752,401</u>       | <u>141,272,079</u>       |
| Negative Goodwill  | 23     |                    | (706,843)                | (734,329)                |
| <b>INVESTMENTS</b>   |        |                    |                          |                          |
| Investment in subsidiaries                                     | 26     | 100                |                          | 100                      |
|  |        |                    | <u>100</u>               | <u>100</u>               |
| <b>CURRENT ASSETS</b>  |        |                    |                          |                          |
| Receivables  | 15     | 1,932,626          | 1,630,881                |                          |
| Cash at bank and in hand                                       |        | 2,751,035          | 3,392,668                |                          |
|  |        | <u>4,683,661</u>   | <u>5,023,549</u>         |                          |
| <b>CREDITORS: Amounts falling due within one year</b>          | 16     | <u>(4,069,243)</u> | <u>(4,459,437)</u>       |                          |
| <b>NET CURRENT ASSETS</b>                                      |        |                    | <u>614,418</u>           | <u>564,112</u>           |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |        |                    | <u>148,660,076</u>       | <u>141,101,962</u>       |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 17     |                    | (38,866,516)             | (40,249,042)             |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>                  |        |                    |                          |                          |
| Other Provision  | 28     | <u>(381,422)</u>   | <u>(522,649)</u>         |                          |
|  |        |                    | <u>(381,422)</u>         | <u>(522,649)</u>         |
| <b>DEFERRED INCOME</b>   |        |                    |                          |                          |
| Social Housing Grants  | 19     | (84,720,443)       | (78,631,111)             |                          |
| Other Grants   | 19     | <u>(3,068,540)</u> | <u>(2,637,695)</u>       |                          |
|  |        |                    | <u>(87,788,983)</u>      | <u>(81,268,806)</u>      |
| <b>NET ASSETS</b>  |        |                    | <u><u>21,623,155</u></u> | <u><u>19,061,465</u></u> |
| <b>EQUITY</b>  |        |                    |                          |                          |
| Share Capital  | 20     |                    | 165                      | 191                      |
| Revenue Reserves   |        |                    | <u>21,622,990</u>        | <u>19,061,274</u>        |
|  |        |                    | <u><u>21,623,155</u></u> | <u><u>19,061,465</u></u> |

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 14 August 2018.

  
Chairperson

  
Board Member

  
Secretary

The notes on pages 13 to 29 form part of these financial statements.

# THENUE HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

|   | Notes        | 2018               | 2017               |
|---|--------------|--------------------|--------------------|
|   |              | £                  | £                  |
| <b>Net cash inflow from operating activities</b>  | 18           | 5,367,360          | 6,648,011          |
| <b>Investing Activities</b>                       |              |                    |                    |
| Acquisition and Construction of Properties        | (11,322,440) | (3,796,211)        |                    |
| Purchase of Other Fixed Assets                    | (735,998)    | (85,982)           |                    |
| Social Housing Grant Received                     | 7,857,538    | 3,249,548          |                    |
| Social Housing Grant Repaid                       | -            | (133,860)          |                    |
| Other Grants Received                             | 516,532      |                    |                    |
| Proceeds on Disposal of Properties                | 136,730      | 393,449            |                    |
| <b>Net cash outflow from investing activities</b> |              | <b>(3,547,638)</b> | <b>(373,056)</b>   |
| <b>Financing Activities</b>                       |              |                    |                    |
| Loan Advances Received                            | -            | 100,000            |                    |
| Interest Received on Cash and Cash Equivalents    | 8,154        | 17,327             |                    |
| Interest Paid on Loans                            | (1,680,660)  | (1,698,080)        |                    |
| Loan Principal Repayments                         | (788,856)    | (3,691,788)        |                    |
| Share Capital Issued                              | 7            | 10                 |                    |
| <b>Net cash outflow from financing activities</b> |              | <b>(2,461,355)</b> | <b>(5,272,531)</b> |
| <b>(Decrease) / increase in cash</b>              |              | <b>(641,633)</b>   | <b>1,002,424</b>   |
| <b>Opening Cash &amp; Cash Equivalents</b>        |              | <b>3,392,668</b>   | <b>2,390,244</b>   |
| <b>Closing Cash &amp; Cash Equivalents</b>        |              | <b>2,751,035</b>   | <b>3,392,668</b>   |
| <b>Cash and Cash equivalents as at 31 March</b>   |              |                    |                    |
| Cash  |              | 2,751,035          | 3,392,668          |

The notes on pages 13 to 29 form part of these financial statements.

# THENUE HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

|  | Share<br>Capital | Revenue<br>Reserve | Total             |
|--|------------------|--------------------|-------------------|
|  | £                | £                  | £                 |
| <b>Restated Balance as at 1 April 2016</b>       | 186              | 16,565,538         | 16,565,724        |
| Issue of Shares                                  | 10               | -                  | 10                |
| Cancellation of Shares                           | (5)              | -                  | (5)               |
| Surplus for the year                             | -                | 2,495,736          | 2,495,736         |
| <b>Restated Balance as at 31 March 2017</b>      | <u>191</u>       | <u>19,061,274</u>  | <u>19,061,465</u> |
| <b>Balance as at 31 March 2017 as previously</b> | 191              | 17,154,323         | 17,154,514        |
| Prior period adjustment                          |                  | 1,906,951          | 1,906,951         |
| <b>Balance as at 31 March 2017 as restated</b>   | <u>191</u>       | <u>19,061,274</u>  | <u>19,061,465</u> |
| <b>Balance as at 1 April 2017</b>                | 191              | 19,061,274         | 19,061,465        |
| Issue of Shares                                  | 7                | -                  | 7                 |
| Cancellation of Shares                           | (33)             | -                  | (33)              |
| Surplus for the year                             | -                | 2,561,716          | 2,561,716         |
| <b>Balance as at 31 March 2018</b>               | <u>165</u>       | <u>21,622,990</u>  | <u>21,623,155</u> |

The notes on pages 13 to 29 form part of these financial statements.

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 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 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 also participates in the Scottish Housing Association Defined Contribution Scheme.

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.

The expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

#### 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             |
| Doors          | 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 31 MARCH 2018 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:

| Asset Category                    | Sub Category        | Depreciation Rate |
|-----------------------------------|---------------------|-------------------|
| 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 |                   |
| 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 non-current asset disposals and any gain or 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

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

#### **Taxation**

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

#### **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, are 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.

#### **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.

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

#### **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 Financial Reporting Standard 12 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.

#### **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) Financial Instrument break clauses***

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

##### ***d) Pension Liability***

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

# THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

|                               | Notes | 2018              |                         |  | 2017              |                         |  |
|-------------------------------|-------|-------------------|-------------------------|--|-------------------|-------------------------|--|
|                               |       | Turnover<br>£     | Operating<br>Costs<br>£ | Operating<br>Surplus /<br>(Deficit)<br>£ | Turnover<br>£     | Operating<br>Costs<br>£ | Operating<br>Surplus /<br>(Deficit)<br>£ |
| Affordable letting activities | 3     | 15,065,624        | 10,868,119              | 4,197,505                                | 14,770,457        | 10,638,235              | 4,132,222                                |
| Other Activities              | 4     | 914,462           | 894,048                 | 20,414                                   | 793,506           | 752,618                 | 40,888                                   |
| <b>Total</b>                  |       | <b>15,980,086</b> | <b>11,762,167</b>       | <b>4,217,919</b>                         | <b>15,563,963</b> | <b>11,390,853</b>       | <b>4,173,110</b>                         |

## 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

|   | General               |                           |                          | 2018<br>Total<br>£ | 2017<br>Total<br>£ |
|---|-----------------------|---------------------------|--------------------------|--------------------|--------------------|
|   | Needs<br>Housing<br>£ | Supported<br>Housing<br>£ | Shared<br>Ownership<br>£ |                    |                    |
| <b>Revenue from Lettings</b>                              |                       |                           |                          |                    |                    |
| Rent receivable net of service charges                    | 11,733,134            | 678,122                   | 97,393                   | 12,508,649         | 12,253,340         |
| Service charges receivable                                | 298,819               | 102,268                   | (1,406)                  | 399,681            | 394,523            |
| <b>Gross income from rent and service charges</b>         | <b>12,031,953</b>     | <b>780,390</b>            | <b>95,987</b>            | <b>12,908,330</b>  | <b>12,647,863</b>  |
| Less: Rent losses from voids                              | 44,600                | 20,614                    | 940                      | 66,154             | 77,053             |
| <b>Net Rents Receivable</b>                               | <b>11,987,353</b>     | <b>759,776</b>            | <b>95,047</b>            | <b>12,842,176</b>  | <b>12,570,810</b>  |
| Grants released from deferred income                      | 2,001,596             | 215,128                   | 6,724                    | 2,223,448          | 2,199,647          |
| <b>Total turnover from affordable letting activities</b>  | <b>13,988,949</b>     | <b>974,904</b>            | <b>101,771</b>           | <b>15,065,624</b>  | <b>14,770,457</b>  |
| <b>Expenditure on affordable letting activities</b>       |                       |                           |                          |                    |                    |
| Management and maintenance administration costs           | 3,067,382             | 205,618                   | 56,408                   | 3,329,408          | 3,326,831          |
| Service Costs   | 250,760               | 112,048                   | -                        | 362,808            | 457,965            |
| Planned and cyclical maintenance, including major repairs | 1,037,575             | 76,186                    | -                        | 1,113,761          | 1,120,515          |
| Reactive maintenance costs                                | 1,572,911             | 111,804                   | -                        | 1,684,715          | 1,631,287          |
| Bad Debts - rents and service charges                     | 71,953                | 362                       | -                        | 72,315             | 2,923              |
| Depreciation of affordable let properties                 | 3,876,774             | 255,039                   | 22,255                   | 4,154,068          | 4,098,714          |
| Impairment of affordable letting activities               | -                     | 151,044                   | -                        | 151,044            | -                  |
| <b>Operating costs of affordable letting activities</b>   | <b>9,877,355</b>      | <b>912,101</b>            | <b>78,663</b>            | <b>10,868,119</b>  | <b>10,638,235</b>  |
| <b>Operating surplus on affordable letting activities</b> | <b>4,111,594</b>      | <b>62,803</b>             | <b>23,108</b>            | <b>4,197,505</b>   | <b>4,132,222</b>   |
| <b>2017</b>   | <b>3,843,093</b>      | <b>260,692</b>            | <b>28,437</b>            |                    |                    |

# THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
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 Other | Operating Surplus / (Deficit) 2018 | Operating Surplus / (Deficit) 2017 |
|---|--------------------------------|----------------------|--------------------------|----------------|----------------|-----------------------|------------------------------------|------------------------------------|
|   | £                              | £                    | £                        | £              | £              | £                     | £                                  | £                                  |
| Wider role activities                               | 104,695                        | 157,656              | -                        | -              | 262,351        | 311,060               | (48,709)                           | (45,987)                           |
| Support activities                                  | -                              | -                    | -                        | -              | -              | -                     | -                                  | (179)                              |
| Factoring   | -                              | 282,019              | -                        | 234,888        | 516,907        | 486,372               | 30,535                             | 19,204                             |
| Development and construction of property activities | -                              | -                    | -                        | -              | -              | 18,989                | (18,989)                           | (9,751)                            |
| Other activities                                    | -                              | -                    | -                        | 135,204        | 135,204        | 77,627                | 57,577                             | 77,601                             |
| <b>Total From Other Activities</b>                  | <b>104,695</b>                 | <b>439,675</b>       | <b>-</b>                 | <b>370,092</b> | <b>914,462</b> | <b>894,048</b>        | <b>20,414</b>                      | <b>40,888</b>                      |
| 2017  | 96,830                         | 322,242              | 946                      | 373,488        | 793,506        | 752,618               | 40,888                             |                                    |

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 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.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

|  | 2018           | 2017           |
|--|----------------|----------------|
|  | £              | £              |
|  | <u>200,545</u> | <u>137,463</u> |
|  | <u>25,042</u>  | <u>13,197</u>  |
|  | <u>77,092</u>  | <u>75,691</u>  |
|  | <u>317,299</u> | <u>302,366</u> |

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

|                    | Number   | Number   |
|--------------------|----------|----------|
| £60,001 to £70,000 | <u>2</u> | <u>1</u> |
| £70,001 to £80,000 | <u>1</u> | <u>1</u> |

### 6. EMPLOYEE INFORMATION

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

The average total number of Employees employed during the year was:

Staff Costs were:

Wages and Salaries  
Social Security Costs  
Other Pension Costs

|  | 2018             | 2017             |
|--|------------------|------------------|
|  | No.              | No.              |
|  | <u>64</u>        | <u>63</u>        |
|  | <u>74</u>        | <u>73</u>        |
|  | £                | £                |
|  | <u>2,247,275</u> | <u>2,172,825</u> |
|  | <u>224,399</u>   | <u>216,578</u>   |
|  | <u>218,192</u>   | <u>190,793</u>   |
|  | <u>2,689,866</u> | <u>2,580,196</u> |

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

|  | 2018    | 2017    |
|--|---------|---------|
|  | £       | £       |
| Sales Proceeds                         | 136,730 | 393,449 |
| Cost of Sales                          | 141,448 | 272,082 |
| (Loss) / Gain On Sale Of Housing Stock | (4,718) | 121,367 |

### 8. INTEREST PAYABLE & SIMILAR CHARGES

|                            | 2018      | 2017      |
|----------------------------|-----------|-----------|
|                            | £         | £         |
| On Bank Loans & Overdrafts | 1,680,660 | 1,716,230 |

### 9. SURPLUS FOR THE YEAR

|  | 2018      | 2017      |
|--|-----------|-----------|
|  | £         | £         |
| Surplus For The Year is stated after charging/(crediting): |           |           |
| Depreciation - Tangible Owned Fixed Assets                 | 4,288,234 | 4,179,714 |
| Auditors' Remuneration - Audit Services                    | 14,972    | 14,089    |
| Operating Lease Rentals - Land & Buildings                 | 49,634    | 55,078    |
| Operating Lease Rentals - Other                            | 13,365    | 12,119    |
| (Loss) / gain on sale of fixed assets                      | (4,718)   | 121,367   |

### 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

|                                     | 2018  | 2017    |
|-------------------------------------|-------|---------|
|                                     | £     | £       |
| Unwinding of Discounted Liabilities | 6,465 | 127,324 |

# THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON-CURRENT ASSETS

| (a) Housing Properties | Housing Properties Held for Letting<br>£ | Housing Properties In course of Construction<br>£ | Shared Ownership Completed<br>£ | Total<br>£  |
|------------------------|--|---|---------------------------------|-------------|
| <b>COST</b>            |  |   |                                 |             |
| As at 1 April 2017     | 168,909,792                              | 3,859,060   | 1,226,692                       | 173,995,544 |
| Additions              | 3,832,819                                | 7,489,621   | -                               | 11,322,440  |
| Disposals              | (114,907)                                | -   | (121,366)                       | (236,273)   |
| Schemes Completed      | 1,794,019                                | (1,794,019)                                       | -                               | -           |
| As at 31 March 2018    | 174,421,723                              | 9,554,662   | 1,105,326                       | 185,081,711 |
| <b>DEPRECIATION</b>    |  |   |                                 |             |
| As at 1 April 2017     | 36,140,202                               | -   | 359,802                         | 36,500,004  |
| Charge for Year        | 4,128,828                                | -   | 22,255                          | 4,151,083   |
| Disposals              | (59,319)                                 | -   | (38,116)                        | (97,435)    |
| Impairment             | 151,044                                  | -   | -                               | 151,044     |
| As at 31 March 2018    | 40,360,755                               | -   | 343,941                         | 40,704,696  |
| <b>NET BOOK VALUE</b>  |  |   |                                 |             |
| As at 31 March 2018    | 134,060,968                              | 9,554,662   | 761,385                         | 144,377,015 |
| As at 31 March 2017    | 132,769,590                              | 3,859,060   | 866,890                         | 137,495,540 |

Additions to housing properties include capitalised development administration costs of £126,593 (2017 - £65,006) and capitalised major repair costs to existing properties of £2,279,742 (2017 - £1,293,439).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £6,631,295 (2017 - £5,313,452). The amount capitalised is £3,832,819 (2017 - £2,561,650) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £2,279,742 (2017 - £1,293,439) and improvement of £1,553,077 (2017 - £1,268,211).

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

The Association's Lenders have standard securities over Housing Property with a carrying value of £59,520,738 (2017 - £60,311,732).

### 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<br>£ | Housing Properties In course of Construction<br>£ | Shared Ownership Completed<br>£ | Total<br>£ |
|-------------------|--|---|---------------------------------|------------|
| Impairment Charge | 151,044                                  | -   | -                               | 151,044    |

This impairment charge has resulted from a decision to demolish the Phoenix House hostel after the year end.

# THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON CURRENT ASSETS (Continued)

| (b) Other Tangible Assets     | Office Premises<br>£ | Furniture & Equipment<br>£ | Commercial Property<br>£ | Community & Learning Centres<br>£ | Total<br>£ |
|-------------------------------|----------------------|----------------------------|--------------------------|-----------------------------------|------------|
| <b>COST</b>                   |                      |                            |                          |                                   |            |
| As at 1 April 2017            | 3,218,178            | 335,693                    | 244,397                  | 671,176                           | 4,469,444  |
| Additions                     | -                    | 27,965                     | 155,000                  | 553,033                           | 735,998    |
| Eliminated on Disposals       | -                    | (53,744)                   | -                        | -                                 | (53,744)   |
| As at 31 March 2018           | 3,218,178            | 309,914                    | 399,397                  | 1,224,209                         | 5,151,698  |
| <b>AGGREGATE DEPRECIATION</b> |                      |                            |                          |                                   |            |
| As at 1 April 2017            | 354,745              | 234,161                    | 46,576                   | 57,423                            | 692,905    |
| Charge for year               | 70,282               | 42,805                     | 9,670                    | 14,394                            | 137,151    |
| Eliminated on Disposals       | -                    | (53,744)                   | -                        | -                                 | (53,744)   |
| As at 31 March 2018           | 425,027              | 223,222                    | 56,246                   | 71,817                            | 776,312    |
| <b>NET BOOK VALUE</b>         |                      |                            |                          |                                   |            |
| As at 31 March 2018           | 2,793,151            | 86,692                     | 343,151                  | 1,152,392                         | 4,375,386  |
| As at 31 March 2017           | 2,863,433            | 101,532                    | 197,821                  | 613,753                           | 3,776,539  |

## 13. CAPITAL COMMITMENTS

|  | 2018<br>£ | 2017<br>£ |
|--|-----------|-----------|
| Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements | 4,277,000 | 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

| At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:- | 2018<br>£ | 2017<br>£ |
|---|-----------|-----------|
| <b>Other</b>  |           |           |
| Not later than one year   | 11,129    | 18,816    |
| Later than one year and not later than five years   | 52,250    | 94,471    |

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

## 15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                     | 2018<br>£ | 2017<br>£ |
|-------------------------------------|-----------|-----------|
| Arrears of Rent & Service Charges   | 459,922   | 514,196   |
| Less: Provision for Doubtful Debts  | (283,232) | (262,169) |
|                                     | 176,690   | 252,027   |
| Social Housing Grant Receivable     | 992,383   | 718,497   |
| Other Receivables                   | 753,229   | 654,620   |
| Amounts Due from Group Undertakings | 10,324    | 5,737     |
|                                     | 1,932,626 | 1,630,881 |



# THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

|  | 2018             | 2017             |
|--|------------------|------------------|
|  | £                | £                |
| Housing Loans                            | 1,006,442        | 930,355          |
| Trade Payables                           | 991,690          | 1,751,505        |
| Rent Received in Advance                 | 769,282          | 743,309          |
| Social Housing Grant in Advance          | 142,714          | 294,756          |
| Other Taxation and Social Security       | 7,029            | 5,330            |
| Other Payables                           | 49,705           | 46,126           |
| Liability for Past Service Contributions | 524,049          | 508,786          |
| Accruals and Deferred Income             | 578,332          | 179,270          |
|  | <u>4,069,243</u> | <u>4,459,437</u> |

## 17. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|   | 2018              | 2017              |
|---|-------------------|-------------------|
|   | £                 | £                 |
| Liability for Past Service Contributions                  | 1,564,880         | 2,082,463         |
| Housing Loans   | 37,301,636        | 38,166,579        |
|   | <u>38,866,516</u> | <u>40,249,042</u> |
| <b>Housing Loans</b>                                      |                   |                   |
| Amounts due within one year                               | 1,006,442         | 930,355           |
| Amounts due in one year or more but less than two years   | 672,284           | 939,201           |
| Amounts due in two years or more but less than five years | 4,234,408         | 4,457,231         |
| Amounts due in more than five years                       | 32,394,944        | 32,770,147        |
|   | <u>38,308,078</u> | <u>39,096,934</u> |
| Less: Amount shown in Current Liabilities                 | 1,006,442         | 930,355           |
|   | <u>37,301,636</u> | <u>38,166,579</u> |
| <b>Liability for Past Service Contributions</b>           |                   |                   |
| Amounts due within one year                               | 524,049           | 508,786           |
| Amounts due in one year or more but less than two years   | 539,771           | 524,049           |
| Amounts due in two years or more but less than five years | 555,964           | 539,771           |
| Amounts due in more than five years                       | 469,145           | 1,018,643         |
|   | <u>2,088,929</u>  | <u>2,591,249</u>  |
| Less: Amount shown in Current Liabilities                 | 524,049           | 508,786           |
|   | <u>1,564,880</u>  | <u>2,082,463</u>  |

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

| Lender     | Number of Properties Secured          | Interest Rate | Maturity (Year) | Variable / Fixed |
|------------|---------------------------------------|---------------|-----------------|------------------|
| Nationwide | Standard security over 13 properties  | 4.6%          | 2029            | Fixed            |
| Nationwide | Standard security over 18 properties  | 4.6%          | 2031            | Fixed            |
| Nationwide | Standard security over 17 properties  | 4.6%          | 2033            | Fixed            |
| Nationwide | Standard security over 33 properties  | 1.5%          | 2035            | Fixed            |
| Nationwide | Standard security over 6 properties   | 4.6%          | 2030            | Fixed            |
| Nationwide | Standard security over 7 properties   | 4.6%          | 2028            | Fixed            |
| Nationwide | Standard security over 30 properties  | 4.6%          | 2029            | Fixed            |
| Nationwide | Standard security over 57 properties  | 4.6%          | 2034            | Fixed            |
| Nationwide | Standard security over 46 properties  | 4.6%          | 2031            | Fixed            |
| Nationwide | Standard security over 18 properties  | 4.6%          | 2031            | Fixed            |
| RBS        | Standard security over 93 properties  | 5.5%          | 2035            | Fixed            |
| RBS        | Standard security over 78 properties  | 5.5%          | 2037            | Fixed            |
| RBS        | Standard security over 364 properties | 6.3%          | 2035            | Fixed            |
| RBS        | Standard security over 180 properties | 5.9%          | 2035            | Fixed            |
| RBS        | Standard security over 364 properties | 2.4%          | 2024            | Variable         |
| THFC       | Standard security over 153 properties | 2.1%          | 2031            | Fixed            |

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 1.51% (2017 - 1.06%).

# THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 18. STATEMENT OF CASH FLOWS

| <i>Reconciliation of operating surplus to net cash inflow from operating activities</i> | 2018<br>£        | 2017<br>£        |
|---|------------------|------------------|
| Operating Surplus   | 4,217,919        | 4,173,110        |
| Depreciation  | 4,285,624        | 4,260,785        |
| Impairment  | 151,044          | -                |
| Change in Provisions for liabilities and charges  | (141,227)        | (38,992)         |
| Amortisation of Capital Grants  | (2,279,821)      | (2,199,647)      |
| Change in debtors   | (27,859)         | (6,089)          |
| Change in creditors   | (831,822)        | 586,173          |
| Unwinding of Discount on Pension Liability  | (6,465)          | (127,324)        |
| Share Capital Written Off   | (33)             | (5)              |
| <b>Net cash inflow from operating activities</b>  | <b>5,367,360</b> | <b>6,648,011</b> |

## 19. DEFERRED INCOME

|  | 2018<br>£          | 2017<br>£         |
|--|--------------------|-------------------|
| <b>Social Housing Grants</b>                           |                    |                   |
| As at 1 April 2017                                     | 99,598,386         | 97,031,934        |
| Additions in the year                                  | 8,283,466          | 2,684,831         |
| Eliminated on disposal of components and property      | (56,262)           | (118,379)         |
| <b>As at 31 March 2018</b>                             | <b>107,825,590</b> | <b>99,598,386</b> |
| <b>Amortisation</b>                                    |                    |                   |
| As at 1 April 2017                                     | 20,967,275         | 18,858,795        |
| Amortisation in year                                   | 2,137,872          | 2,108,480         |
| <b>As at 31 March 2018</b>                             | <b>23,105,147</b>  | <b>20,967,275</b> |
| <b>Net Book Value</b>                                  |                    |                   |
| As at 31 March 2018                                    | 84,720,443         | 78,631,111        |
| <b>Other Grants</b>                                    |                    |                   |
| As at 1 April 2017                                     | 2,945,892          | 2,880,650         |
| Additions in the year                                  | 516,532            | 77,068            |
| Eliminated on disposal of components and property      | (111)              | (11,826)          |
| <b>As at 31 March 2018</b>                             | <b>3,462,313</b>   | <b>2,945,892</b>  |
| <b>Amortisation</b>                                    |                    |                   |
| As at 1 April 2017                                     | 308,197            | 217,030           |
| Amortisation in year                                   | 85,576             | 91,167            |
| <b>As at 31 March 2018</b>                             | <b>393,773</b>     | <b>308,197</b>    |
| <b>Net Book Value</b>                                  |                    |                   |
| As at 31 March 2018                                    | 3,068,540          | 2,637,695         |
| <b>Total grants net book value as at 31 March 2018</b> | <b>87,788,983</b>  | <b>81,268,806</b> |

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

|                                 | 2018<br>£         | 2017<br>£         |
|---------------------------------|-------------------|-------------------|
| Amounts due within one year     | 2,223,448         | 2,199,647         |
| Amounts due in one year or more | 85,565,535        | 79,069,159        |
| <b>Total</b>                    | <b>87,788,983</b> | <b>81,268,806</b> |

# THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 20. SHARE CAPITAL

| Shares of £1 each Issued and Fully Paid | 2018       | 2017       |
|---|------------|------------|
|   | £          | £          |
| As at 1 April 2017                      | 191        | 186        |
| Issued in year                          | 7          | 10         |
| Cancelled in year                       | (33)       | (5)        |
| At 31 March 2018                        | <u>165</u> | <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:- | 2018         | 2017         |
|--|--------------|--------------|
|  | No.          | No.          |
| General Needs - Built by Association                                     | 2,839        | 2,809        |
| Shared Ownership   | 57           | 59           |
| Supported Housing  | 161          | 161          |
|  | <u>3,057</u> | <u>3,029</u> |

Supported housing units comprise 11 self contained flats plus 150 bedspaces within 22 non self contained properties. Bedspaces within non self contained properties are counted as units.

## 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 positions to their advantage.

Board of Management cannot use their position to their advantage. Any transactions between the Association and any entity with which a Board of Management member has a connection with is made at arm's length and is under normal commercial terms.

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

|  | 2018          | 2017          |
|--|---------------|---------------|
|  | £             | £             |
| Rent received from tenants on the Board of Management and their close family members | <u>29,120</u> | <u>29,782</u> |
| Factoring charges received from factored owners on the Board of Management           | <u>519</u>    | <u>512</u>    |

At the year end total rent arrears owed by the tenant members on the Board of Management (and their close family) were £95 (2017 - £0).

|  |   |   |
|--|---|---|
| Members of the Board of Management who are tenants         | 8 | 7 |
| Members of the Board of Management who are owner occupiers | 1 | 1 |

# THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 23. NEGATIVE GOODWILL

|                         | 2018           | 2017           |
|-------------------------|----------------|----------------|
|                         | £              | £              |
| As at 1 April 2017      | 734,329        | 761,815        |
| Release during the year | (27,486)       | (27,486)       |
| As at 31 March 2018     | <u>706,843</u> | <u>734,329</u> |

## 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. BOARD OF MANAGEMENT MEMBER EMOLUMENTS

Board of Management members received £2,435 (2017 - £1,407) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties to the Association.

# THENUE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 26. INVESTMENTS

| Investments in Subsidiaries           | 2018<br>£ | 2017<br>£ |
|---------------------------------------|-----------|-----------|
| <b>Cost</b>                           |           |           |
| As at 31 March 2017 and 31 March 2018 | 100       | 100       |
| <b>NBV</b>                            |           |           |
| As at 31 March 2018                   | 100       | 100       |
| As at 31 March 2017                   | 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 subsidiary named Thenue Housing Services Limited, Thenue Communities Limited and Thenue Trust. The relationship between the Association and its subsidiary is set out in an independence agreements between the parties.

The Association incurred costs on behalf of its subsidiary Thenue Housing Services Limited of £4,265 (2017: £8,691). These costs have been recharged to Thenue Housing Services Limited. At the year end, the amounting owing by Thenue Housing Services Limited to the Association was £3,321 (2017: £498).

The aggregate amount of capital and reserves and the results of Thenue Housing Services Limited for the year ended 31 March 2018 were as follows:

|                      | 2018<br>£ | 2017<br>£ |
|----------------------|-----------|-----------|
| Capital & Reserves   | 50,841    | 50,433    |
| Surplus for the year | 408       | 331       |

The Association has a 100% owned subsidiary named Thenue Communities. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The Association also administers the funds of the Thenue Communities. In the year to 31 March 2018 the Association administered £157,703 of income (2017: £193,529) and £166,093 of expenditure (2017: £141,763) on behalf of the charity. Standard rates are charged to the Association when it makes use of the centre. The rent paid amounted to £3,511 (2017: £10,036). At the year end, the Association was owed £7,010 (2017: £5,664) and owed £1,513 (2017: £1,198). these amounts are interest free and repayable on demand.

The aggregate amount of capital and reserves and the results of Thenue Communities for the year ended 31 March 2018 were as follows:

|                                  | 2018<br>£ | 2017<br>£ |
|----------------------------------|-----------|-----------|
| Capital & Reserves               | 155,431   | 163,821   |
| (Deficit) / Surplus for the year | (8,390)   | 51,766    |

The Association has a 100% owned subsidiary named Thenue Trust. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

During the year Thenue Housing Association Limited administered the funds of the charity. In the year to 31 March 2018 income was £nil (2017 - £200) and expenditure was £775 (2017 - £nil) on behalf of Thenue Trust.

The aggregate amount of capital and reserves and the results of Thenue Trust for the year ended 31 March 2018 were as follows:

|                                  | 2018<br>£ | 2017<br>£ |
|----------------------------------|-----------|-----------|
| Capital & Reserves               | 1,791     | 2,566     |
| (Deficit) / Surplus for the year | (775)     | 200       |

The Association participates in a shared equity arrangement at 31 March 2018. At this date the Association has expended £2,539,394 on shared equity properties.

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 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 employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £2,088,929 (2017 - £2,591,249). 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 1.51% (2017 - 1.06%).

The Association made payments totalling £508,786 (2017- £494,152) to the pension scheme during the year.

# THENUE HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 28. PROVISIONS FOR LIABILITIES AND CHARGES

| Furniture & Flooring Replacement | 2018           | 2017           |
|----------------------------------|----------------|----------------|
|                                  | £              | £              |
| As at 1 April 2017               | 522,649        | 561,641        |
| Decrease in Provision            | (141,227)      | (38,992)       |
| Balance as at 31 March 2018      | <u>381,422</u> | <u>522,649</u> |

### 29. PRIOR YEAR ADJUSTMENT

During the year, the Association decided to simplify its accounting treatment for loan arrangement fees. This has resulted in an adjustment of £1,906,951 being added to reserves. The 2017 surplus has increased by £279,411 as a result of this adjustment, the balance of £1,627,540 relates to earlier periods.

