BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY

FCA
FINANCIAL CONDUCT AUTHORITY

Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

Society name:

Important information you should read before completing this form

You must use this form if you are a:

- registered society (previously referred to as an 'industrial and provident society')
- co-operative society
- community benefit society

registered under the Co-operative and Community Benefit Societies Act 2014.

You must submit this form and the society's accounts within 7 months of the end of your financial year. Failure to submit is an offence for which the society may be prosecuted.

Please note:

- we have an information note that may assist you in completing this application
- any personal details you give on the form will be placed on the society's public file.
- it is important you give accurate and complete information and disclose all relevant information. If you do not, it may take us longer to process your annual return.

Please keep a copy of the form and supporting documents for future reference.

Terms in this form

'FCA', 'PRA', 'us' and 'we' refer to the Financial Conduct Authority or Prudential Regulation Authority.

'You' refers to the person signing the form on behalf of the society.

'The 2014 Act' is the Co-operative and Community Benefit Societies Act 2014

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Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

Filling in the form

1 If you are using your computer to complete the form:

- use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question; and
- print the completed form and arrange for it to be signed by all relevant individuals.

2 If you are filling in the form by hand:

- use black ink;
- write clearly; and
- arrange for it to be signed and dated by all relevant individuals.

3 If you make a mistake, cross it out and initial the changes; do not use correction fluid.

4 If you:

- leave a question blank;
- do not get the form signed; or
- do not attach the required supporting information

without telling us why, we will treat the application as incomplete. This will increase the time taken to assess your application.

5 If there is not enough space on the form, you may use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number. Any separate sheets should be signed by the signatories to the form.

6 **Email a scanned copy of the signed form and supporting documents to**

mutualsannrtns@fca.org.uk

or send it by post to:

Mutuals Team
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

7. Please make sure you include:

- this form
- a set of printed accounts – signed by two members and the secretary (3 signatures in total)
- an audit report or accountant's report where required; and
- any supporting documents.

1 Details of society

1.1 Details of the society

Register number	2559R (S)
Registered office address	ANCHO Ltd Sovereign House, Academy Road Irvine
Postcode	KA12 8RL

1.2 Year end date (dd/mm/yyyy)

See Note 1.2

3	1	/	0	3	/	2	0	1	7

Committee of management

If you are a club you do not need to give a year of birth in questions 1.3-1.6.

The names of the members of the Committee at the date on which the return is signed should be entered below in BLOCK CAPITALS.

1.3 Details of Chairman

Name	Jaqueline Browne
Address	52 Loudoun Crescent Kilwinning
Postcode	KA13 6TS
Year of birth	1970
Business occupation and other directorships	Paralegal, East Ayrshire Council

1.4 Details of Treasurer

Name	
Address	
Postcode	
Year of birth	
Business occupation and other directorships	

1.5 Details of Secretary

Name	Kirsty Sweenie
Address	10 Dalry Road Kilbirnie
Postcode	KA25 6HY
Year of birth	1969
Business occupation and other directorships	Housing Manager - Welfare Reform, North Ayrshire Council

1.6 Details of Members of the Committee

Name	Address	Year of birth	Business occupation and other directorships
Sonya Campbell-Perry	1 The Granary Sevenacres Mill Kilwinning KA13 7RG	1975	Head of Customer Services, Glasgow Caledonian University
Thomas Long	27 Cheviot Gardens Irvine KA11 1GZ	1941	Retired
Lesley Shepherd	11 Spallander Road Troon KA10 7JY	1970	Adult Literacies Development Worker, South Ayrshire Council
David Carse	79 Candleriggs Flat 6-1 Glasgow G1 1NP	1980	Chief Executive, GCU Students' Association
Ruth Burley	20 Woodlands Road Sorn KA5 6HZ	1990	Solicitor, South Ayrshire Council
Melaine Barbour	5 Pattle Place Alloway KA7 4PS	1971	Solicitor, North Ayrshire Council

Please use separate sheets of paper if you need more space, following the instructions provided in section 5 above.

Please indicate how many separate sheets of paper you have used

1

Please continue, answering all questions.

1.6 Details of Members of the Committee (Continued)

Name	Address	Year of birth	Business Occupation and other directorships
Gavin Paterson	6 Mountcastle Wynd Kilwinning KA13 6DH	1983	Engagement Officer, North Ayrshire Health & Social Care Partnership
John Rodgers	24 Rannoch Place Irvine KA12 9NQ	1945	Retired
Colin Cameron	4 Dickson Way Irvine KA12 9JD	1933	Retired

1.7 Are any members of the society's committee disqualified as directors under the Company Director Disqualification Act 1986?

☒ No
☐ Yes

1.8 Does the society carry out any activity which is regulated under the Financial Services and Markets Act 2000? (e.g. accepting deposits in a form other than withdrawable shares; offering insurance products; undertaking residential mortgage business). If 'yes' please state the society's Financial Services Register firm reference number

☒ No
☐ Yes

Financial Services Register firm reference number

1.9 Is the society a subsidiary of another society?

☒ No
☐ Yes

1.10 Does the society have one or more subsidiaries?

☒ No
☐ Yes

1.11 Is the society currently accepted by the HM Revenue and Customs as a charity for tax purposes?

☐ No
☒ Yes

Please confirm you have attached a copy of the letter from HM Revenue and Customs confirming charitable tax status:

☒ Yes

1.12 Is this society a charity registered with the Office of the Scottish Charity Regulator (OSCR)?

☐ No
☒ Yes ▸ provide your Scottish Charity number below

SC 036082

1.13 Is the society registered with one of the following (please tick)?

☐ Homes and Communities Agency
☐ The Welsh Ministers
☒ Scottish Housing Regulator

If so, please provide your register number

306

All societies must answer the following questions:

- if a **bona fide co-operative society** go to question 1.14
- if **existing for the benefit of the community** go to question 1.19

Bona fide co-operative society

1.14 How did members benefit from the business, industry or trade of the society during the year?

N/A

1.15 Is membership of the society required to obtain the benefits offered by it?

☐ Yes
☐ No

1.16 In what way did members participate in an ongoing basis in the society's primary business during the year?

N/A

1.17 How did members democratically control the society?

N/A

1.18 How did the society use any surplus/profit?

If the society distributed the surplus/profit to members please explain how this was done.

N/A

Please use separate sheets of paper if you need more space (see section 5 above)
Please indicate how many separate sheets of paper you have used.

Continue to 2.1

Community benefit society

1.19 Who are the community the society benefited?

Tenants, factored owners and residents of North Ayrshire

1.20 How did the society benefit that community during the year?

Providing management and maintenance of housing stock, financial inclusion and financial assistance if required

1.21 How did the society use any surplus/profit?

Invested in housing stock - planned maintenance

Please use separate sheets of paper if you need more space (see section 5 above).
Please indicate how many separate sheets of paper you have used.

N/A

Continue to 2.1

2 Statistics

Account details

2.1 You must enter the figures below

See notes for help on items E-T. Enter NIL where applicable

A	Members at beginning of year	109
B	Members ceased during year	42
C	Members admitted during year	3
D	Members at end of year	70
E	Turnover for year	3,020,176
F	Total of income and expenditure (receipts and payments added together)	5,276,449
G	Net surplus/(deficit) for year	621,824
H	Fixed assets	18,449,788
I	Current assets	1,513,972
J	Total assets (equal to amount in row O, below)	19,963,760
K	Current liabilities	866,299
L	Share capital	70
M	Long-term liabilities	8,671,509
N	Reserves	10,425,882
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	19,963,760

All societies (excluding clubs) must complete boxes P-T

P	Investments in other registered societies	Nil
Q	Loans from members	Nil
R	Loans from Employees' Superannuation Schemes	Nil
S	Dividends on sales	Nil
T	Share interest	Nil

2.2 Names of subsidiaries as defined in sections 100 and 101 of the Co-operative and Community Benefit Societies Act 2014

None

2.3Names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions (as approved by the FCA)

The society must have written authority from us to exclude a subsidiary from group accounts

None

3 The audit

3.1 Type of audit used for the attached accounts.

If the society has used a full professional audit or an accountant's report then the report must be prepared by a registered auditor.

- ☒ Full professional audit ▸ Continue to section 4
- ☐ Accountant's report ▸ Complete questions 3.2 and 3.3
- ☐ Lay audit ▸ Complete questions 3.2 and 3.3
- ☐ Unaudited ▸ Complete questions 3.2 and 3.3

3.2 Do the society's registered rules allow the society not to undertake a full professional audit?

- ☐ No
- ☐ Yes

3.3 Has the membership passed at a general meeting a resolution allowing the society not to undertake a full professional audit for the year of account in question? (In accordance with section 84 of the Co-operative and Community Benefit Societies Act 2014)

- ☐ No
- ☐ Yes

4 Accounts and signature

Accounts

4.1 Date on which the accounts and balance sheet will be/were laid before the AGM (dd/mm/yyyy)

2	3	/	0	8	/	2	0	1	7

4.2 Has your society produced accounts to the minimum standard required?

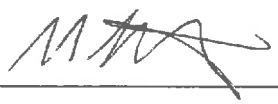
☒ Yes ▸ you must confirm that you have attached the accounts and the audit/accountant's report bearing the original signatures of the auditor (if required by law), the secretary and the two committee members. ☐ Attached

☐ No ▸ you must produce accounts to the minimum standard required, see notes for details.

Signature – all societies to complete

4.3 The Secretary of the society must sign and date below

I certify that the information in this form is correct to the best of my knowledge and belief.

Name	Margaret Lightbody
Signature	
Phone number	01294 313121
Email	mail@ancho.co.uk
Date	17/10/2017

ancho
Creating thriving communities

Annual Report and Accounts

for the year ending 31 March 2017

ANCHO Limited

Financial Conduct Authority 2559 R (S)

Scottish Housing Regulator Registration No. 306

Charity Reference SC036082

Registered property factor PF000346



ANCHO FINANCIAL REVIEW FOR YEAR ENDED 31 MARCH 2017

Summary

These financial results cover the Association's sixteenth full year of operations.

The Association made a surplus in the year of £621,824 (2016: £603,153). £1,017,004 was spent on planned maintenance (which has been capitalised) bringing the total spend on our Investment Programme to £12.7 million from inception and is in line with the long term business plan and commitments made to tenants.

Five properties were sold under Right to Buy Legislation, and two purchased via mortgage to rent.

Turnover

Turnover of £3.02 million (of which £2.76 million relates to the income from the letting of properties at affordable rents). Rent increases during 2016/17 were 1%.

Maintenance

During the year 114 properties received new external wall insulation, 50 properties received new roofs, 5 properties were rewired, 3 received new bathrooms, 7 received new kitchens, 2 properties had new windows, 14 had new external doors and 5 heating systems were replaced.

Homeowner Services

We continue to act as the factor for 197 homeowners in the area.

Performance

During the year home visits were carried out on 99% of ANCHO tenants. Rent arrears reduced to 2.3% despite the issues around bedroom tax and universal credit. 58 properties became void during the year, the same figure as the previous year.

Wider Role Activities

The Community Link Project received grants totalling £146,427 (a decrease of £24k from last year). We continue to offer financial and debt advice services 5 days per week and run 4 outreach surgeries in North Ayrshire. Main funding sources were Big Lottery and Scottish Government People In Communities Fund. We have continued to provide a mobile caretaking and handyman service.

Treasury Management

At 31 March 2017 £5.5 million (70%) of borrowings were subject to variable rates, with interest of around 1.15%. Fixed rates averaged 4.13% for loans of £2.4m.

Members of Board of Management, Executives and Advisers year ended 31st March 2017

Jacqueline Browne	Chair
Sonya Campbell	Vice Chair
Kirsty Sweenie	Secretary
Thomas Long	
Lesley Shepherd	
David Carse	
Ruth Burley	(appointed 28/04/2016)
Melanie Barbour	(appointed 27/10/2016)
Gavin Paterson	(appointed 27/10/2016)
John Rodgers	(resigned 11/05/2017)
Colin Cameron	(resigned 11/05/2017)
Nicola McQuiston	(resigned 24/08/2016)
Amanda Kean	(resigned 27/10/2016)
Tony Gurney	(resigned 24/08/2016)

Executive Officers

Mags Lightbody	Interim Director (appointed 10/04/2017)
Elaine Gibson	Director (resigned 08/06/2017)
Liz Docherty	Assistant Director (resigned 08/06/2017)

Registered Office

Sovereign House
Academy Road
Irvine
KA12 8RL

Solicitors

T C Young
7 West George Street
Glasgow
G2 1BA

External Auditors

Armstrongs
Statutory Auditors
Victoria Chambers
142 West Nile Street
Glasgow
G1 2RQ

Bankers

Royal Bank of Scotland
West of Scotland Corporate Office
Floor 3, Kirkstane House
139 St. Vincent Street
Glasgow
G2 5JF

REPORT OF BOARD OF MANAGEMENT

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

Legal Status

The Association is registered as a non-profit making Association under the Co-operative and Community Benefit Societies Act 2014 No.2559 R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC036082.

Principal activities

The Association is a Registered Scottish Charity and we provide relief for those in need by reason of age, ill health (whether related to mental or physical health), disability (whether due to mental or physical health issues or learning disabilities), financial hardship or other disadvantage, both to individual persons or to a group of persons with similar needs and issues by;

- To meet the housing needs and potentially the wider social and investment needs of current and future residents of North Ayrshire;
- To provide a high quality housing , repair and maintenance service and product to all Association tenants and customers;
- To undertake any activities which are charitable, allowed under section 58 of the Housing (Scotland) Act 2014, including any statutory amendment or re- enactment of the provisions of this section from time to time being in force and;
- To develop the Association's activities to ensure the future viability of the stock.

Review of Business and Future Developments

The Association's overall aim is to help sustain the regeneration of North Ayrshire through the provision of quality housing and services, which will meet the diverse needs and aspirations of our customers. ANCHO currently has no development plan in place however if the opportunity came up in the future this is something that the Association would give serious consideration to.

ANCHO are committed to ensuring its properties are maintained to a high standard and recognises its obligations to provide major repairs to its properties to ensure that is the case. We carry out annual stock condition surveys on 20% of stock which allows us to update our life cycle costing exercise and to confirm the position with our stock.

ANCHO continues to be a strong and resilient social business. There are a number of opportunities ahead such as partnership and growth and these opportunities together with the associated risks will be thoroughly explored by the Board of Management.

On 8th June 2017 the two executive officers left the Association. The Board of Management appointed an interim Director and Finance agent to manage the Association and continue to provide excellent customer services meeting local housing need.

ANCHO will continue to robustly manage our risk profile and take mitigating actions as required. We will continue to develop our business continuity planning and oversee key risks such as securing income to the organisation and our response to ongoing changes to welfare and Social Security; the wider financial environment, regulatory compliance and our asset management strategy.

A review of the Association's performance during the year is contained in the Financial Review on page 2.

The Future

The Association will focus on maintaining the increased level of performance that it has achieved over the last 16 years. ANCHO's focus will also be on working towards the objectives and targets agreed within the Corporate Strategy and ensuring that it achieves value for money and improvement in all areas of operation.

The operating and financial environment continues to be challenging, but the Association continues to be self-aware and pro-active in making important decisions on finance and strategy and set a direction to continue to build a resilient and successful organisation.

Major challenges that ANCHO will address over the coming year are:

- Welfare reform
- Estate caretaking service
- Energy efficiency
- Tenant participation and scrutiny
- Governance best practice

Surplus for the year and transfers

The results for the year are shown in the Statement of Comprehensive Income on page 11. The financial statements incorporate ANCHO's share of the Strathclyde Pension Fund which results in the inclusion of a liability of £1,119,000 in the Statement of Financial Position and an actuarial loss of £721,000 within the Statement of Comprehensive Income.

Fixed assets

Changes in fixed assets in the year are set out in note 10 of the financial statements.

Board of Management and Executive Officers

The members of the Board of Management and Executive Officers are listed on page 3.

Each member of the Management Board holds one fully paid share of £1 in the Association with the exception of Co-optees. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Management Board.

The members of the Management Board are also Trustees of the Charity. Members of the Management Board 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 Societies 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 income and expenditure of the Association for the year ended on that date. In preparing those Financial Statements, the Board of Management is required to:-:

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

The 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 principles and practice.

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 company'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.

Statement of 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;
- that transactions are properly authorised and recorded;
- the maintenance of proper accounting records; and
- the safeguarding of assets (against unauthorised use or disposition).

It is the Board's responsibility to establish and maintain the systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. The key elements of the Associations' systems include ensuring that:

- Formal policies and procedures are in place, including the ongoing documentation of key systems and rules in relation to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures are established to maintain standards of performance.
- Forecasts and budgets are prepared regularly which allow the management team and the Board to monitor the key business risks and financial objectives, and progress being made towards achieving the financial plans set for the year and the medium term; monthly management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are 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 governing body.

- The Board receives reports from management, internal auditors and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified through internal or external audit reports.

The Board has reviewed the effectiveness of the system of internal financial control in existence in the Association for the period ended 31 March 2017. No weaknesses were found in internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

Charitable Donations

During the year the Association made charitable donations amounting to £1,435.

Internal Audit

The Association does not have an internal audit function but is part of Millennium Benchmarking Group and share best practice on a regular basis on all areas of performance. A Scrutiny Sub Committee was set up in 2016.

Related Party Transactions

Related party transactions are disclosed at note 18.

Prior Period Adjustment

During 2016/17 an adjustment was made for depreciation of Fixed Assets not accounted for in 2014/15 during the FRS102 transition period. Details of the adjustment are disclosed in note 20, reducing the opening reserves by £524,694.

Statement as to Disclosure of Information to Auditors

So far as the Board are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) which the Association's auditors are unaware, and each Board member has taken all the steps that he or she ought to have taken as a Board member in order to make himself or herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Auditors

A resolution to re-appoint Armstrongs and seek to undertake a tendering exercise will be proposed at the Annual General Meeting.

By order of the Board of Management

K Sweenie

Kirsty Sweenie

Secretary

Date: 27 July 2017

REPORT BY THE AUDITORS TO THE MANAGEMENT BOARD OF ANCHO LTD ON CORPORATE GOVERNANCE MATTERS FOR THE YEAR ENDED 31 MARCH 2017

In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 4,5,6 and 7 concerning the Association's compliance with the information required by the Regulatory Advice Notes in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on pages 6 and 7 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Board and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Board'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 contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ADAM ARMSTRONG LLB CA (Senior Statutory Auditor)
For and on behalf of Armstrongs
Statutory Auditor
Chartered Accountants
Victoria Chambers
142 West Nile Street
Glasgow
G1 2RQ

27 July 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANCHO LTD

We have audited the Financial Statements of ANCHO Limited for the year ended 31 March 2017 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standard of the United Kingdom.

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

Respective Responsibilities of the Board of Management and Auditors

As explained more fully in the Statement of Management Board's Responsibilities on pages 5 and 6 the Association's Management Board are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB) Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Schedule 1, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2014.

Opinion on Management Board Report

In our opinion the information given in the Report of the Management Board for the financial year 2016/17 for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the current legislation requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position are not in agreement with the accounting records and returns; or
- Certain disclosures of Management's remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.



ADAM ARMSTRONG LLB CA (Senior Statutory Auditor)
For and on behalf of Armstrongs
Statutory Auditor
Chartered Accountants
Victoria Chambers
142 West Nile Street
Glasgow
G1 2RQ

27 July 2017

STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 31ST MARCH 2017

	Note		2017 £		2016 £
Revenue	2		3,020,176		3,111,202
Operating Costs			(2,256,273)		(2,203,914)
Operating Surplus/(Deficit)	2		763,903		907,288
Gain/(Loss) on Disposal of Fixed Assets	6	42,651		(8,401)	
Interest Receivable		7,153		8,834	
Interest Payable & Other Charges	7	(163,883)		(231,568)	
Other Costs (Pension)	14	(28,000)		(73,000)	
			(142,079)		(304,135)
Surplus on Ordinary Activities before taxation			621,824		603,153
Taxation on ordinary activities for year			-		-
Surplus for the year after taxation			621,824		603,153
Other Comprehensive Income			(721,000)		618,000
TOTAL COMPREHENSIVE INCOME			(99,176)		1,221,153

OTHER COMPREHENSIVE INCOME AS AT 31ST MARCH 2017

	2017 £	2016 £
Actuarial (loss)/Gain in respect of Pension Scheme	(721,000)	618,000

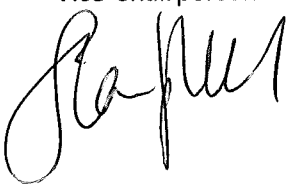
STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2017

	Note		2017 £		2016 £
Non-Current Assets					
Housing Properties – Depreciated Cost	10		18,369,311		17,982,661
Community Link Office	10		56,959		58,419
Other Fixed Assets	10		23,518		10,835
			18,449,788		18,051,915
Current Assets					
Debtors	11	319,453		339,236	
Cash at Bank and in Hand		1,194,519		1,382,383	
		1,513,972		1,721,619	
Creditors: amounts falling due within one year	12	(866,299)		(841,130)	
Net Current Assets/(Liabilities)			647,673		880,489
Total Assets less Current Liabilities			19,097,461		18,932,404
Creditors: amounts falling due after more than one year	13		(7,552,509)		(8,037,272)
Pension (Liability)/Asset	14		(1,119,000)		(370,000)
Net Assets			10,425,952		10,525,132
Equity					
Share capital	15		70		109
Revenue reserve			10,425,882		10,525,023
			10,425,952		10,525,132

The Financial Statements were approved by the Board of Management on 27 July 2017 and signed on their behalf by:

Chairperson Vice-Chairperson Secretary







STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31ST MARCH 2017

	Note		2017 £		2016 £
Net cash inflow from operating activities	16		1,383,202		1,393,612
Investing Activities					
Acquisition & Construction of Properties		(1,110,974)		(958,094)	
Payments to acquire other fixed assets		(20,296)		(2,438)	
Social housing grant receivable		-		-	
Net proceeds on disposal of properties		179,563		11,302	
Net cash Outflow from Investing Activities			(951,707)		(949,230)
Finance Activities					
Interest received on cash and cash equivalents		7,153		8,834	
Interest paid on loans		(163,883)		(231,568)	
Loan principle repayments		(462,632)		(351,364)	
Share Capital issued		3		3	
Net cash Outflow from Financing			(619,359)		(574,095)
Net Increase/(Decrease) in Cash			**(187,864)**		**(129,713)**
Opening Cash & Cash Equivalents			1,382,383		1,512,096
Closing Cash & Cash Equivalents			1,194,519		1,382,383

STATEMENT OF CHANGES IN EQUITY 31ST MARCH 2017

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1st April 2016	109	10,525,023	10,525,132
Adjustment	(35)	35	-
Issue of Shares	3	-	3
Cancellation of Shares	(7)	-	(7)
Deficit for Year	-	(99,176)	(99,176)
Balance as at 31st March 2017	70	10,425,882	10,425,952

NOTES TO THE FINANCIAL STATEMENT FOR YEAR ENDED 31ST MARCH 2017

1) Principal Accounting Policies

Statement of Compliance

These financial statements have been 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.

Revenue

Revenue comprises rental and service charge income net of losses from voids, factoring fees and any revenue grants receivable.

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

Valuation of Housing Properties

Housing properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Completed housing properties are professionally valued on an existing use basis. Surpluses and deficits are reflected in the revaluation reserve. Permanent diminutions in value of housing property are eliminated first against any revaluation reserve in respect of that property with any excess being charged in the income and expenditure account. Depreciation is charged on a straight line basis over the expected useful lives of the individual components of individual properties. The components and their expected useful lives are as follows:-

Buildings	50 years	Roof	40 years	Doors	25 years
Windows	20 years	Radiators	20 years	Boilers	15 years
Bathrooms	25 years	Kitchens	15 years		

Sales of Housing Properties

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

Depreciation and Impairment of Other Non-Current Assets

Non-Current Assets are stated at cost less accumulated depreciation. Depreciation is charged in the year of acquisition but no charge is made in the year of disposal. Depreciation is charged at rates estimated to write off costs less the estimated residual value over the expected useful life.

Furniture, Fittings	20% reducing balance
Office Equipment and IT	25% reducing balance
Community Link Project	2% straight line

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

Social Housing Grant and other grants in Advance/Arrears.

Social Housing Grants and other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as

deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

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

Pension

The Association participates in the centralised Strathclyde Pensions Trust 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 to the Trust in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating employers taken as a whole.

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

The difference between the fair value of the assets held in the Association's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Association's Statement of Financial Position as a pension scheme liability.

Estimation Uncertainty

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

Rent Arrears – Bad debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers: tenant payment history, arrangements in place, and court action.

Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

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.

Apportionment of Management Expenses

Direct employee administration and operating costs have been apportioned to the Statement of Comprehensive Income on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in those accounts.

Allocation of Homeowner Income

Monies charged to homeowners for common feu maintenance and insurance is credited into the Statement of Comprehensive Income within the accounting period in which it relates.

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.

Financial Instruments – basic
The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard. The Association's debt instruments are measured at amortised cost using the effective interest rate method.

2) Particulars of Turnover, Operating Costs and Operating Surpluses

2017	Revenue	Operating Costs	Operating Surplus
	£	£	£
Social Lettings	2,759,326	2,026,328	732,998
Other Activities	260,850	229,945	30,905
Total	3,020,176	2,256,273	763,903

2016	Revenue	Operating Costs	Operating Surplus
	£	£	£
Social Lettings	2,730,945	1,986,774	744,171
Other Activities	380,257	217,140	163,117
Total	3,111,202	2,203,914	907,288

3) Particulars of Income & Expenditure from Social Lettings

	General Needs Housing	Supported Housing Accom	Shared Housing Accom	Total for 2017	Total for 2016
Revenue from Lettings	£	£	£	£	£
Rent Receivable net of service charges	2,774,808	-	-	2,774,808	2,754,454
Service Charges	-	-	-	-	-
Gross Rents receivable	2,774,808	-	-	2,774,808	2,754,454
Less voids	(15,482)	-	-	(15,482)	(23,509)
Net Rents receivable	2,759,326	-	-	2,759,326	2,730,945
Grants from the Scottish Ministers	-	-	-	-	-
Other revenue grants	-	-	-	-	-
Total Income from Social Letting	2,759,326	-	-	2,759,326	2,730,945
Expenditure on Social Letting Activities					
Management & Maint Admin costs	886,922			886,922	831,841
Planned, cyc & Major Repair costs	107,796	-	-	107,796	125,466
Reactive maintenance costs	420,775	-	-	420,775	427,534
Bad Debts, rents & service charges	21,962	-	-	21,962	12,587
Depreciation of Social Housing	588,873	-	-	588,873	589,346
Operating costs for Social Letting	2,026,328	-	-	2,026,328	1,986,774
Operating surplus for social lettings for 2017	732,998	-	-	732,998	-
Operating surplus for social lettings 2016	399,348	-	-	-	744,171

a) Particulars of Revenue, Operating Costs & Surpluses/Deficits from Other Activities

	Grants from Scottish Ministers	Other Revenue Grants	Big Lottery Grants	Other Income	Total Turnover	Operating costs	Other Operating costs	Operating Surplus/ (Deficit) 2017	Operating Surplus / (Deficit) 2016
	£	£	£	£	£	£	£	£	£
Wider Role Activities	74,014	-	69,913	2,500	146,427	164,707	-	(18,280)	3,485
Factoring	-	-	-	13,260	13,260	24,019	-	(10,759)	(16,204)
Development Activities	-	39,123	-	-	39,123	-	-	39,123	159,973
Support Activities – medical	41,972	-	-	-	41,972	41,219	-	753	(1,427)
Care Activities	-	-	-	-	-	-	-	-	-
Rechargeable Repairs	-	-	-	-	-	-	-	-	863
Other Activities -	-	-	-	20,068	20,068	-	-	20,068	16,427
Total from Other Activities 2017	115,986	39,123	69,913	35,828	260,850	229,945	-	30,905	163,117
Total from Other Activities 2016	103,297	159,973	86,662	30,325	380,257	217,140	-	-	163,117

Other Activity of £20,068 include £6,552 reimbursement of salary costs for North Ayrshire modern apprentice scheme.

4) Directors Emoluments

The remuneration paid to the Directors (defined as the Board of Management, the Director and other senior staff members whose total emoluments individually exceed £60,000 per year) of the Association were:

	2017	2016
	£	£
Total Emoluments (excluding pension contribution)	66,937	66,633
Pension contributions for Officers receiving > £60,000	11,542	12,288
The emoluments (excluding pension contributions) of the Chairman amounted to	Nil	Nil
Total Compensation paid to key management personnel	124,273	123,531

	2017	2016
Total Emoluments		
£60,000 - £70,000	1	1

5) Employee Information

	2017	2016
Staff costs (including Directors emoluments)	£	£
Wages and salaries	584,293	574,040
Social security costs	54,939	44,262
Employers Pension Contributions	86,293	81,763
	725,525	700,065

The average weekly number of persons employed by the Association during the year were as follows:

	2017 No	2016 No	2017 FTE	2016 FTE
Housing staff	3	3	3	3
Maintenance staff	2	2	2	2
Administrative and Finance staff	7	7	6	6
Wider Action staff	5	5	2	2
Caretaking staff	5	5	5	4
Total	22	22	18	17

6) Sale of Housing Properties

	2017	2016
	£	£
Sale proceeds	183,610	12,250
Less: cost of sales	(140,959)	(20,651)
	42,651	(8,401)

Five properties were sold under Right to Buy legislation. Cost of sales of these properties is inclusive of the property valuation less depreciation together with legal and other costs incidental to the sale.

7) Interest Payable & Similar Charges

	2017	2016
	£	£
On bank loans & Overdrafts	163,883	231,568

8) Surplus for the year

Surplus is stated after charging:	2017	2016
	£	£
Depreciation - Tangible Fixed Assets	596,487	597,051
Gain/(Loss) on Disposal of Fixed Assets	42,651	(8,401)
Operating Lease Rental - office	19,628	27,500
Operating Lease Rental - vans	6,638	6,350
Auditors' Remuneration	7,000	7,590

9) Taxation

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

10) Non Current Assets

	Housing Properties Held For Letting	Community Link Project	Total
	£	£	£
Cost/Valuation			
At 1 April 2016	19,094,306	73,019	19,167,325
Additions during the year	1,110,975	-	1,110,975
Disposals during the year	(141,253)	-	(141,253)
At 31 March 2017	20,064,028	73,019	20,137,047
Depreciation			
At 1 April 2016	1,111,645	14,600	1,126,245
Provided during the year	587,413	1,460	588,873
Disposals during the year	(4,341)	-	(4,341)
At 31 March 2017	1,694,717	16,060	1,710,777
Net Book Value			
As at 31 March 2017	18,369,311	56,959	18,426,270
As at 31 March 2016	17,982,661	58,419	18,041,080

All land and housing properties are freehold.

The Association's Lenders have standard securities over Housing Property with a carrying value of £16,431,909.

The Association clarifies its cash generating units in terms of the property schemes that it uses for asset management purposes.

10) Non Current Assets (continued)

Other Tangible Assets

	Office Equipment & IT	Furniture & Fittings	Total
	£	£	£
Cost/Valuation			
At 1 April 2016	315,189	63,284	378,473
Additions during the year	19,321	976	20,297
Disposals during the year	-	-	-
At 31 March 2017	334,510	64,260	398,770
Depreciation			
At 1 April 2016	306,759	60,879	367,638
Provided during the year	6,938	676	7,614
Disposals during the year	-	-	-
At 31 March 2017	313,697	61,555	375,252
Net Book Value			
As at 31 March 2017	20,813	2,705	23,518
As at 31 March 2016	8,430	2,405	10,835

11) Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Rents in arrears	67,907	72,053
Less: bad debt provision	(33,905)	(33,905)
Factoring arrears	22,845	15,815
Prepayments and other receivables	262,606	285,273
	319,453	339,236

12) Creditors due within one year

	2017	2016
	£	£
Housing Loans	414,662	392,531
Trade creditors	178,555	76,743
Rents in advance and homeowner floats	78,444	74,684
Accruals and deferred income	194,638	297,172
	866,299	841,130

13) Creditors due after more than one year

	2017	2016
	£	£
Facility Loan	7,552,509	8,037,272
Amounts falling due in:		
One year or more but less than two years	414,662	392,531
Two years or more but less than five years	1,243,986	1,177,593
Five years or more	5,893,861	6,467,148

The Nationwide Commercial holds a standard security on 497 of the Association's 673 properties and the Clydesdale holds a standard security on 14 properties. Conditions of which are as follows:

Lender	Security	Effective Int Rate	Maturity	Variable/fixed
Dunfermline	497 properties	1.34%	2030	Variable
Dunfermline	n/a	4.%	2036	Fixed
Dunfermline	n/a	4.12%	2036	Fixed
Clydesdale	14 properties	2.14%	2030	Variable

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loan.

14) Retirement Benefit Obligations

The Association contributes to Strathclyde Pension Fund administered by Glasgow Council, a defined benefit scheme, which is externally funded and contracted out of the State Earnings-Related Pension Scheme. The assets of the scheme are held in a separate trustee-administered fund. The pension costs are assessed with the advice of independent qualified actuaries, using the projected unit method.

The assumptions and other data that have the most significant effect on the determination of the contribution levels of the scheme are as follows:-

	2017	2016
Latest actuarial date	31 March 2017	31 March 2016
Inflation / Pension Increase Rate	2.4%	2.2%
Salary scale increases per annum	4.4%	4.2%
Discount rate	2.7%	3.6%

The estimated split of assets in the scheme and expected rate of return were:-

	2017	2016
Equities	73%	72%
Bonds	12%	16%
Property	10%	12%
Cash	5%	0%

	2017	2016
	£	£
Estimated employer asset share	4,092,000	3,282,000
Present value of scheme liabilities	(5,211,000)	(3,652,000)
Present value of unfunded liabilities	-	-
Total value of liabilities	(1,119,000)	(370,000)
Net Pension (Liability)/Asset	**(1,119,000)**	**(370,000)**

Analysis of amount charged to operating profit	**2017**	**2016**
	£	£
Service costs	93,000	124,000
Curtailment and settlements	-	-
Decrease in irrecoverable surplus	-	-
Total operating charge	**93,000**	**124,000**

Analysis of amount credited to other finance income	**2017**	**2016**
	£	£
Interest Income on Plan Assets	119,000	104,000
Interest on pension scheme liabilities	(132,000)	(135,000)
Total Net interest	**(13,000)**	**(31,000)**
Total defined benefit cost in Profit & Loss	**£106,000**	**£155,000**

Analysis of recognised Comprehensive Income	**2017**	**2016**
	£	£
Actual return less expected return on pension scheme assets	648,000	(22,000)
Experience gains and losses arising on the scheme liabilities	-	-
Changes in financial assumptions underlying the present	(1,369,000)	640,000
Changes in demographic assumptions	-	-
Value of the scheme assets	-	-
Actual (loss)/gain in pension plan	(721,000)	618,000
Increase in irrecoverable surplus from the membership fall and other factors	-	-
Actuarial (loss)/gain recognised in Comprehensive Income	**(693,000)**	**545,000**

Movement in surplus during the year	**2016**	**2016**
	£	£
Deficit at beginning of year	(370,000)	(915,000)
Current service cost	(93,000)	(124,000)
Employers contributions	78,000	82,000
Past service costs	-	-
Estimated Benefits paid	-	-
Net returns on assets	(13,000)	(31,000)
Actuarial (loss)/gain	(721,000)	618,000
(Deficit)/Surplus at end of year	**(1,119,000)**	**(370,000)**

Increase in service costs of £28,000 plus actuarial loss of £721,000, increase in liability for year of £749,000

15) Share Capital

	2017	2016
	£	£
Shares of £1 fully paid and issued at beginning of year	109	112
Adjustment	(35)	-
Shares issued during year	3	3
Shares cancelled during the year	(7)	(6)
Shares issued at end of year	70	109

Each member of the Association holds one £1 share in the Association. These shares carry no right 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.

16) Statement of Cash Flows

	2017	2016
	£	£
Reconciliation of net cash inflow from operating activities as at 1st April 2017		
Operating Surplus/(Deficit)	763,903	907,288
Depreciation	596,487	597,051
Decrease/(Increase) in debtors	19,783	(201,502)
Increase in creditors	3,036	90,781
Shares cancelled during the year	(7)	(6)
	1,383,202	1,393,612

17) Commitments Under Operating Leases

At the period end the annual commitments under operating leases were as follows:

	2017	2016
	£	£
Photocopier - expiring within a year	2,877	8,433
Office premises - expiring within 2-5 years	68,154	78,000

18) Related Party Transactions

No member of the Association received any fee or remuneration during the year (2016: £nil). Members of the Board of Management were reimbursed for out of pocket travel and accommodation expenses amounting to £824 (2016: £709).

Some members of the Board of Management are tenants of the Association. The tenancies of these Board Members are on normal terms and the members cannot use their position to their advantage.

The total rent payable in the year relating to tenant Board members is £4,089 (2016: £4,049). The total rent arrears relating to tenant Board members included within debtors at the year end is £nil (2016: £nil). The total prepaid rent relating to tenant Board members included within creditors at the year end is £102 (2016: £98).

A close relative of a Board member is a tenant of the Association with rent received from this tenant of £3,540 during 2016/17.

The Co-ordinator of the Youth and Arts project is a close relative of the former Chief Executive officer. The Co-ordinator of the Youth and Arts project received £24,433 during the year.

The total remuneration (including pension contributions and benefits in kind) paid to Key Management who are deemed to be the Executive Officers as noted on page 3 was £145,766 (2016: £146,411).

19) Capital Commitments

	2017	2016
	£	£
Expenditure authorised by the Board of Management. Expenditure is funded from existing resources.	850,000	880,000

20) Prior Period Adjustment

The adjustments to recognise FRS102 for the year ended 31st March 2015 wrongly reported the depreciation charge. This wrong posting against the revaluation reserve and not the non current assets is now adjusted and the impact is stated below:-

	As Previously Stated	Prior Year Adjustment	As Restated
	£	£	£
Non Current Assets	18,576,609	(524,694)	18,051,915
Current Assets	1,721,619	-	1,721,619
Current Liabilities	(841,130)	-	(841,130)
Non Current Liabilities	(8,407,272)	-	(8,407,272)
	11,049,826	(524,694)	10,525,132
Share Capital	109	-	109
Revenue Reserves	11,049,717	(524,694)	10,525,023
	11,049,826	(524,694)	10,525,132

21) Unit Numbers

	2017	2016
Housing properties	673	676
Garage units	205	205
	878	881

22) Post Balance Sheet Events

The Director and Assistant Director resigned on 8 June 2017. A compromise agreement has been concluded in relation to both parties.

ANCHO continues to pursue a partnership arrangement with Cairn Housing Association.