



Mutual Societies Annual Return AR30 – Industrial and Provident Societies Act 1965 Form

Full name of society:

BARONY HOUSING ASSOCIATION LIMITED

Important information you should read before completing this form

We require all Industrial and Provident societies to complete this form every year.

For a society registered on or after 8 January 2012, the year of account will end on the last day of the month in which the anniversary of its registration falls, unless the society has notified us otherwise. For a society registered before 8 January 2012, the society's year of account must end between 31 August to 31 January inclusive, unless the society has notified us otherwise.

All the required information must be submitted within seven months of the year end date. Failure to submit the documents constituting your society's annual return by the due date is an offence and may result in prosecution.

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

The notes that accompany this form will help you complete the questions.

Please be aware that 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 assess your annual return.

Terms in this form and Contents

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

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

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FCA use only		
	Date Received	Case Officer
1st		
2 nd		



Mutual Societies Annual Return AR30 –Industrial and Provident Societies Act 1965

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 out the completed form and arrange for it to be signed.

2 If you are filling in the form by hand:

- use black ink;
- write clearly; and
- arrange for it to be signed.

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

4 If you think a question is not relevant to you, write 'not applicable' and explain why.

5 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 have to treat the return as incomplete. This will increase the time taken to assess your return.

6 If there is not enough space on the form, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number.

7 Send us your application by post. It must include:

- this form;
- a set of printed accounts;
- an audit report or accountant's report where appropriate ; and
- supporting documents.

Send to:

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

1

Details of society

1.1 Details of the society

Register number	1684
Registered office address	Canal Court 40 Craiglockhart Avenue Edinburgh
Postcode	EH14 1LT

1.2 Year end date (dd/mm/yyyy)

See Note 1.2

3	1	/	0	3	/	2	0	1	4
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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	HUGH CARR
Address	216 THE MURRAYS EDINBURGH
Postcode	EH17 8US
Year of birth	1962
Business occupation and other directorships	DIRECTOR OF FINANCE, DUMFRIES & GALLOWAY HOUSING PARTNERSHIP

1.4 Details of Treasurer

Name	N/A
Address	N/A
Postcode	N/A
Year of birth	N/A
Business occupation and other directorships	N/A

1.5 Details of Secretary

Name	REBECCA WILSON
Address	BRAEMOUNT 4 LOCHGREEN ROAD FALKIRK
Postcode	FK1 5NJ
Year of birth	1971
Business occupation and other directorships	CHIEF EXECUTIVE

1.6 Details of Members of the Committee

Name	Address	Year of birth	Business occupation and other directorships
RAY DE SOUZA	37 WOODBURN TERRACE EDINBURGH EH10 4ST	1955	DEPUTY HEAD NHS SCOTLAND RESILIENCE SCOTTISH GOVERNMENT
CATHERINE LOWE	10/2 TEMPLETON COURT GLASGOW G40 1EF	1960	FORMERLY HEAD OF HOMELESSNESS PARTNERSHIP
DONALD MARTIN	36/2 MARLBOROUGH STREET EDINBURGH EH15 2BG	1969	HOUSING OFFICER
IRIS MCMILLAN	7 RESTALRIG AVENUE EDINBURGH EH7 6PP	1953	SOLICITOR
AMANDA MILLER	28 NORTHPARK PLACE ELIBURN LIVINGSTON EH54 6TR	1967	DIRECTOR OF HOUSING SERVICES
SIMON GUEST	2/6 LAUDER ROAD EDINBURGH EH9 2EJ	1949	FORMER LEGAL DIRECTOR & DIRECTOR OF BUSINESS DEVELOPMENT

Please use separate sheets of paper if you need more space.

Please indicate how many separate sheets of paper you have used.

1

1.6 Details of Members of the Board of Management

Name	Address	Year of birth	Business occupation and other directorships
GEORGE HOTCHKISS	15 GLEN ROAD PEEBLES EH45 9AY	1959	ASSISTANT PRINCIPAL WEST LOTHIAN COLLEGE
MARTIN KELSO	3 EDDERSTON RIDGE VIEW PEEBLES EH45 9NB	1959	CHARTERED ACCOUNTANT & HAS HIS OWN CONSULTING BUSINESS
LINDSEY MCNEILL	42 NICOL ROAD BROXBURN WEST LOTHIAN EH52 6JJ	1978	DIRECTOR OF GOVERNANCE AND ASSURANCE SCOTTISH POLICE AUTHORITY

All societies must answer the following questions whether the answers are yes or no, and provide all other information requested

- 1.7 Does the society take deposits (excluding withdrawable shares) within the provisions of the Financial Services and Markets Act 2000?

☒ No
☐ Yes

- 1.8 Does the society hold deposits (excluding withdrawable shares) taken previously, even though it does not currently take them, within the provisions of the Financial Services and Markets Act 2000?

☒ No
☐ Yes

- 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 Inland Revenue as a charity for tax purposes?

☐ No ▶ Continue to question 1.12
☒ Yes ▶ Give details below

Reference number of letter from Inland Revenue or the Scottish Charity number

SC 016030

You must confirm that you have attached a copy of the ☒ Yes
 Inland Revenue's letter to this return

- 1.12 Is the society registered with the Homes and Communities Agency, Welsh Ministers or The Scottish Housing Regulator?

☐ No ▶ Continue to question 1.14
☒ Yes ▶ Select the one you are registered with below and provide the registration number

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

Register number | HEP 69

- 1.13 Is the society a registered social landlord?

☐ No
☒ Yes

- 1.14 Does the society offer any insurance products?

☒ No
☐ Yes

- 1.15 Does the society undertake residential mortgage business?

☒ No
☐ Yes

- 1.16 Name of any organisation to which the society is affiliated

Name | N/A

Benefit of the community societies

- 1.17 As once completed this return will be placed on the society's public file, benefit of the community societies are welcome to use the space below to provide a report for all those who may have an interest in the society. If provided, this report should cover the activities of the society during the financial period covered by the return and should set out how these activities have brought benefit to the community.

Our Vision

Barony's vision is of a society in which every person is enabled to lead a full and active life and has a good quality, safe and affordable home environment

Our Purpose

Barony provides a range of flexible, responsive and high quality services, defined by the people who use them, which can be accessed when they are needed. These include:

housing accommodation and landlord services

care and support to enable people to live independently in their own home

services and support to enable active community involvement

Our Values

Barony believes that people are at the centre of everything we do; whether tenant, service user or employee. In our work we will always strive to uphold and promote the following values:

listening to and involving people in shaping our services

respecting people's individual choices

treating everyone with equal dignity and respect

empowering people to make informed choices, take decisions and achieve their potential

recognising and responding to the changing circumstances in people's lives

Barony has approx. 400 social housing properties across West Lothian, Edinburgh, Fife, Falkirk, Stirling and Clackmannanshire. For approx. 250 of these properties, Barony provides a landlords service only, for the remainder Barony provides both a landlord service and a care and support service.

Barony provides care and support services to approximately 630 people, many of whom do not live in a Barony property. These services include shared accommodation based services with a permanent on-site staff presence, visiting support to people living in their own homes, and day services to people accessing one of our 3 Contact Point drop in centres.

Please use separate sheets of paper if you need more space.

Please indicate how many separate sheets of paper you have used.

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2

Statistics

We can use these figures in our Annual Report.

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	56
B	Members ceased during year	1
C	Members admitted during year	1
D	Members at end of year	56
E	Turnover for year	6465000
F	Total of income and expenditure (receipts and payments added together)	12801000
G	Net surplus/(deficit) for year	1135000
H	Fixed assets	6621000
I	Current assets	3052000
J	Total assets (equal to amount in row O, below)	9673000
K	Current liabilities	1530000
L	Share capital	0
M	Long-term liabilities	6497000
N	Reserves	1646000
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	9673000
All societies (excluding clubs) must complete boxes P-T		
P	Investments in other Industrial and Provident 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 Section 15 of the Friendly and Industrial and Provident Societies Act 1968

HELP IN YOUR HOME LIMITED

2.3 Names 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

HELP IN YOUR HOME LIMITED (SC0418680. COMPANY WAS REGISTERED IN OCTOBER 2010 AND IS CURRENTLY DORMANT, THEREFORE GROUP ACCOUNTS WERE NOT REQUIRED.

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 general meeting, in accordance with section 4A(2) of the Friendly and Industrial and Provident Societies Act 1968, a resolution allowing the society not to undertake a full professional audit for the year of account in question?

- ☒ 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	5	/	0	9	/	2	0	1	4
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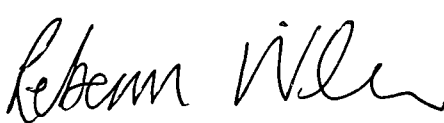
- 4.2 Has your society produced accounts to the minimum standard required?

- ☒ 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	REBECCA WILSON
Signature	
Phone number	0845 140 7777
Email	RJW@baronyha.org.uk
Date	28 July 2014



Helping you live at home

FINANCIAL STATEMENTS 2013/2014

BARONY HOUSING ASSOCIATION LTD

Members, Executive and Advisers

Board of Management

Hugh Carr (Convenor)
Catherine Lowe (Vice Convenor)
Iris McMillan
Donald Martin
Ray de Souza
Amanda Miller
Simon Guest
Lindsey McNeill
George Hotchkiss
Martin Kelso
Katharine Aulton (retired 26 September 2013)
Robert Cox (retired 17 January 2014)

Registered Office

Canal Court
40 Craiglockhart Avenue
EDINBURGH
EH14 1LT

Chief Executive Officer and Secretary

Rebecca Wilson
Chief Executive Officer
Barony HA Ltd

Solicitors

Morisons LLP
Erskine House
68 Queen Street
EDINBURGH
EH2 4NN

Auditor

Chiene + Tait
Chartered Accountants &
Statutory Auditor
61 Dublin Street
EDINBURGH
EH3 6NL

Bankers

The Royal Bank of Scotland plc
PO Box 51
36 St Andrew Square
EDINBURGH
EH2 2YB

Registered under the Industrial & Provident Societies Acts No: 1684R (S). Scottish Charity
No: SC016030. Scottish Housing Regulator No: HEP69

BARONY HOUSING ASSOCIATION LTD

Report of the Board of Management for the year ended 31 March 2014

The Board of Management presents its report and audited financial statements for the year ended 31 March 2014.

Structure, Governance & Management

Governing Document

Barony Housing Association Limited is incorporated under the Industrial & Provident Societies Acts and was founded in 1971. Barony is a Scottish Charity and a Registered Social Landlord.

Recruitment and Appointment of Board of Management

Because of the complexity and range of its business activities in providing both housing and community care services Barony, at all times, seeks to recruit and retain Board of Management membership drawn from the various areas of expertise in care, housing, finance, legal administration and from a tenant perspective necessary for the responsible oversight of its activities.

Board of Management members are elected for a three year period with one third of the membership standing down annually. Recruitment is by public advertisement with selection made with a view to maintaining the knowledge level available to the association in its Board of Management.

Each member of the Board of Management holds one fully paid share of £1 in the Association. The Executive Officers of the Association 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.

Organisational Structure

Barony is managed by its Board of Management which must meet at least six times a year to receive reports on all of the Association's activities. Currently the Board of Management meets on a monthly basis throughout the year. In addition Barony has an Audit Committee which has been delegated by the Board of Management to give more detailed attention to Internal & External Audit, within a remit set out by Barony's Standing Orders.

Risk Management

Risk in Barony can be defined as any event or action which damages our ability to carry out our purposes to the standards required by us and of us.

As an RSL, the Scottish Housing Regulator expects that the Board of Management "identifies risks that might prevent it from achieving the RSL's purpose and has effective strategies and systems for risk management and mitigation, internal control and audit".

BARONY HOUSING ASSOCIATION LTD

Report of the Board of Management for the year ended 31 March 2014 (cont'd)

Barony's Risk Management Policy sets out the steps to be followed in the Risk Management Cycle of risk identification, analysis, control and monitoring.

Risk identification, analysis and control activities are undertaken by staff on an ongoing basis in line with their delegated duties. Monitoring of the implementation of the risk management cycle is carried out by the Audit Committee through receipt of regular internal audit reports. The Board of Management retains responsibility for overall risk management within the organisation.

The top four strategic risks identified by the Board of Management and the Senior Team currently facing Barony are:

- Public Sector funding cuts
- Organisation size and geographic spread
- Welfare Reform
- Self Directed Support

Control and mitigation actions which Barony employs to actively manage risk include:

- Effective financial planning and budgetary control
- Effective strategic business planning
- Effective treasury management
- Maintaining good working relationships with commissioners
- Implementing effective human resources procedures
- Undertaking a full stock condition survey and linking this to long term financial planning
- Review of staff employment contracts to allow for more flexible working
- Ensuring staff are appropriately trained and contingency plans are in place
- Seeking an appropriate constitutional partnership

Objectives, Activities, Achievements and Performance

Barony's Purpose

Barony's Vision, Purpose and Values are at the core of everything we do. The statements below were drafted following consultation with all tenants, service users and staff.

Our Vision

Barony's vision is of a society in which every person is enabled to lead a full and active life and has a good quality, safe and affordable home environment.

BARONY HOUSING ASSOCIATION LTD

Report of the Board of Management for the year ended 31 March 2014 (cont'd)

Our Purpose

Barony provides a range of flexible, responsive and high quality services, defined by the people who use them, which can be accessed when they are needed. These include:

- housing accommodation and landlord services
- care and support to enable people to live independently in their own home
- services and support to enable active community involvement

Our Values

Barony believes that people are at the centre of everything we do; whether tenant, service user or employee. In our work we will always strive to uphold and promote the following values:

- listening to and involving people in shaping our services
- respecting people's individual choices
- treating everyone with equal dignity and respect
- empowering people to make informed choices, take decisions and achieve their potential
- recognising and responding to the changing circumstances in people's lives

Achievements and Performance

During 2013/14 the business environment in which Barony operates continues to be both challenging and exciting. The introduction of Welfare Reform and the passing of the Social Care (Self Directed Support) (Scotland) Act 2013 will bring changes in the way the organisation is funded and will shape the way the organisation operates in future to meet these challenges and improve our services to tenants and service users.

2013/14 has again been a busy year for Barony during which our achievements have included:

- Commencement of a new 24 hour supported housing service in Falkirk for two people
- Implementation of stage 1 of our asset management strategy with the successful disposal of four housing properties identified as not fit for purpose and purchase of one property for our supported accommodation service.
- Refurbishment of one of our Edinburgh supported accommodation services
- Upgrading the heating system in 27 properties from electric to gas and completing kitchen renewal in three of our supported accommodation services
- Continuing to provide a successful welfare benefits advice service for tenants, working in partnership with Link Housing Association
- Introducing a new tenancy sustainment service, available to any Barony tenant, providing assistance to access a range of advice, funding or gain skills to help them to make a success of their tenancy

BARONY HOUSING ASSOCIATION LTD

Report of the Board of Management for the year ended 31 March 2014 (cont'd)

- Launching an improved tenant participation programme with 4 tenant participation workshops being held to hear tenant issues, share ideas on how to improve our service and to inform tenants of future plans.
- Continuing to consistently achieve 'very good' and 'good' grades from the Care Inspectorate.
- Continuing to support regular meetings of the Service User Reference groups across Barony
- Helping to facilitate Service User Reference Group members to run stalls at a number of Craft Fayres in West Lothian and Falkirk areas
- Successfully retaining our Investors in People Silver accreditation
- Implementing the new Pensions Auto Enrolment to meet our staging date of 1 April 2014

During 2012/13 Barony's Board of Management took the decision to commence discussions with Riverside and their Scottish subsidiary, Irvine Housing Association, about forming a partnership to further improve services to tenants and service users.

A partnership with Riverside could equip Barony to effectively respond to on-going challenges and create capacity for us to develop and continuously improve our business. This will allow us to strive for excellence, invest in innovation and grow to the benefit of our tenants and service users.

The partnership discussions are continuing to progress positively and we are working towards a target date of October 2014 for forming the partnership.

Financial Review

Results for the period

The surplus for the year, including the pension scheme adjustment was £1,135k (2012/13 £325k). Excluding adjustments attributable to the pension scheme the surplus for the year was £1,071k (2012/13 £141k).

There was an increase in turnover of 1.3% to £6,465k (2012/13 £6,379k) primarily due to an improved voids position. The underlying operating costs of £6,282k, increased by 2.9% on the previous year excluding any pension adjustment. This reflects the increased spend on planned maintenance and investment in HR resource.

A deficit of £1,843k has arisen within the pension scheme (2012/13 surplus £331k), in terms of the FRS17 actuarial valuation. This liability is shown on the Balance Sheet.

Interest receivable of £123k has arisen from investments in short-term cash deposits of £5k and £118k as a result of the pension adjustment (2012/13 £140k).

Interest payable on the Association's loans increased to £147k (2012/13 £132k) as a result of the drawing down of the remaining loan facility of £700k.

BARONY HOUSING ASSOCIATION LTD

Report of the Board of Management for the year ended 31 March 2014 (cont'd)

Principal funding sources & how used in line with objectives

In terms of our purpose to provide housing accommodation and landlord services, the revenue funding sources for this are the rent and service charge income as detailed in Note 3 of the financial statements. This income is received either directly from the Association's tenants, via Housing Benefit or for registered care home services from the relevant purchasing local authority. This funding is used to provide a housing management and maintenance service to our tenants and to service the loan finance incurred in the construction of the Association's housing stock.

The Association has also received significant capital funding through HAG, other grants and loan finance to fund the construction or refurbishment of its housing stock.

In terms of our provision of care and support services, the Association receives care and support revenue funding from the following sources:

- Local authority funding including adult care and former Supporting People funding
- Health Board funding
- Mental Health Specific Grant funding

Care and support services funding is included within Note 4 of the financial statements.

Reserves Policy

The Association will seek to maintain sufficient non-designated revenue reserves to enable it to respond to both foreseen and unforeseen risks within its business environment and to cover future repairs liabilities on its properties over and above its normal day-to-day maintenance programme.

The Association will identify within the financial statements a pension reserve that recognises any net pension liability arising in accordance with FRS17 requirements.

Statement of Board of Management's Responsibilities

The Industrial and Provident Societies Acts and registered social housing legislation requires the Board of Management to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Association and of its income and expenditure for that period. In preparing these 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; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

BARONY HOUSING ASSOCIATION LTD

Report of the Board of Management for the year ended 31 March 2014 (cont'd)

Statement of Board of Management Responsibilities (cont'd)

The Board of Management is responsible for keeping adequate accounting records, which disclose with reasonable accuracy at any time, the financial position of the Association and to enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

The Board of Management is 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.

Information for the Auditors

The Board members have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the Board members has confirmed that they have taken all the steps they ought to take as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

By order of the Board of Management.



REBECCA WILSON

Secretary

24 July, 2014

BARONY HOUSING ASSOCIATION LTD

Statement by the Board of Management regarding the Association's system of internal financial control

The Board of Management is responsible for the Association's system of internal financial control.

These systems are designed to provide reasonable assurance against material misstatement or loss.

The key procedures, which the Board of Management have established and which are designed to provide effective internal financial control, can be summarised as follows:

- a) An appropriate control environment has been created by careful recruitment and training of staff and provision of comprehensive guidance on the standards and controls to be applied throughout the Association;
- b) Management information systems have been developed to provide accurate and timeous data on all aspects of the business. Management accounts comparing actual results against budget are reported to the Board of Management;
- c) Major business risks and their financial implications are assessed systematically by reference to established criteria;
- d) The financial implications of major business risks are controlled by means of delegated authorities, which reserve significant matters to the Board of Management for decision, segregation of duties in appropriate areas and physical controls over assets and access to records;
- e) The Board of Management monitors the operation of the internal financial control system by considering reports from management and the external auditors and ensures appropriate corrective action is taken to address any reported weaknesses; and
- f) The existence of an Audit Committee that oversees the independent scrutiny of the management of controls, both financial and non-financial, and also receives reports from the Association's internal and external auditors.

The Board of Management confirms that it has reviewed the effectiveness of the Association's system of internal financial control as it operated during the year and to the date of approval of these financial statements.

By order of the Board of Management.



REBECCA WILSON
Secretary
24 July, 2014

BARONY HOUSING ASSOCIATION LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARONY HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Barony Housing Association Limited for the year ended 31 March 2014 which comprise the Income and Expenditure Account, the Statement of Recognised Surpluses and Deficits, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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 and for this report, or for the opinions we have formed.

Respective responsibilities of the board and the auditor

As explained more fully in the Statement of Board's Responsibilities set out on pages 6 to 7, the board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit 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 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 Board of Management to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements (April 2012).

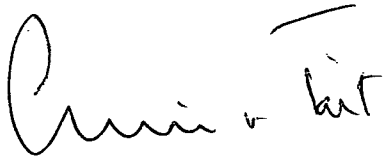
BARONY HOUSING ASSOCIATION LTD

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BARONY HOUSING ASSOCIATION LIMITED (Cont'd.)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002, require us to report to you if, in our opinion:

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



CHIENE + TAIT
Chartered Accountants and Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

25 July

2014

BARONY HOUSING ASSOCIATION LTD

Income and Expenditure Account for the year ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Turnover	2	6,465	6,379
Less: Operating costs	2	<u>(6,336)</u>	<u>(6,062)</u>
Operating surplus	8	129	317
Surplus on sale of fixed assets		1,030	-
Interest receivable	10	123	140
Interest payable	11	<u>(147)</u>	<u>(132)</u>
Surplus for the year		1,135	325
Movements in pension scheme	22	<u>(64)</u>	<u>(184)</u>
Surplus for the year excluding pension scheme adjustments		<u>1,071</u>	<u>141</u>

Statement of Total Recognised Surpluses and Deficits

		2014 £'000	2013 £'000
Surplus for the year excluding pension scheme adjustments		1,071	141
Movements in pension scheme		<u>64</u>	<u>184</u>
Surplus for the year	22	1,135	325
Pension scheme actuarial (loss)	22	<u>(1,907)</u>	<u>(184)</u>
Total recognised (deficit) / surplus for the year		<u>(772)</u>	<u>141</u>

All activities are continuing.

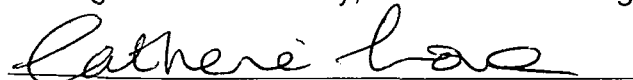
The Notes on pages 15 to 33 form part of these financial statements.

BARONY HOUSING ASSOCIATION LTD

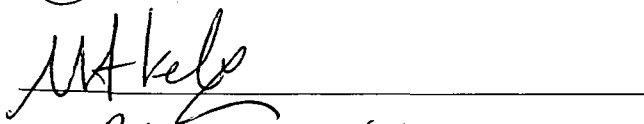
Balance Sheet as at 31 March 2014

	Notes	2014 £'000	2013 £'000
Tangible Fixed Assets			
Housing Properties – depreciated cost		19,502	19,596
Less: Grants		(13,447)	(14,001)
	13	6,055	5,595
Other Fixed Assets	14	566	627
		6,621	6,222
Fixed Asset Investments	27	-	-
		6,621	6,222
Current Assets			
Debtors	15	367	406
Cash at Bank and in hand		2,685	1,070
		3,052	1,476
Creditors – Amounts falling due within one year	17	(1,530)	(1,167)
Provision for liabilities and charges	19	-	(4)
		(1,530)	(1,171)
Net Current Assets		1,522	305
Total Assets less current liabilities		8,143	6,527
Creditors – Amounts falling due after more than one year	18	(4,654)	(4,109)
Net assets before Pension Liability		3,489	2,418
Pension Liability	26	(1,843)	-
Net Assets		1,646	2,418
Share Capital	20	-	-
Designated Reserves	21	156	119
Revenue Reserves	22	3,333	2,299
Pension Reserves	26	(1,843)	-
		1,646	2,418

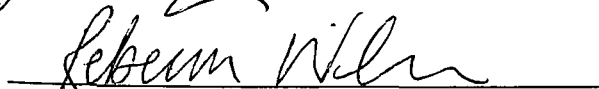
The financial statements on pages 11 to 33 were approved by the Board of Management on 24 July, 2014 and were signed on its behalf by:



CATHERINE LOWE
Vice Convenor



MARTIN KELSO
Board of Management



REBECCA WILSON
Chief Executive Officer/Secretary

The notes on pages 15 to 33 form part of these financial statements.

BARONY HOUSING ASSOCIATION LTD

Cash Flow Statement for the year ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Net Cash Inflow from Operating Activities	(i)	699	907
Returns on Investments and Servicing of Finance			
Interest received		5	1
Interest paid		<u>(147)</u>	<u>(132)</u>
Net cash outflow from returns on investments and servicing of finance		(142)	(131)
Capital Expenditure and Financial Investment			
Proceeds from sale of fixed assets		1,229	-
Payments to acquire tangible fixed assets		<u>(747)</u>	<u>(74)</u>
Net cash inflow/(outflow) from capital expenditure		482	(74)
Net cash inflow before use of liquid resources and financing		1,039	702
Financing			
Mortgage drawdown		700	-
Mortgage repayments		<u>(124)</u>	<u>(177)</u>
Net cash inflow/ (outflow) from financing		576	(177)
Increase in cash	(ii)	<u><u>1,615</u></u>	<u><u>525</u></u>

The Notes on page 14 form part of the cash flow statement.

BARONY HOUSING ASSOCIATION LTD

Notes to the Cash Flow Statement for the year ended 31 March 2014

	2014 £'000	2013 £'000
(i) Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	129	317
Depreciation	266	267
Decrease in debtors	38	240
Increase in creditors	212	128
Pensions adjustment for wages and salaries	54	(45)
Net cash inflow from operating activities	<u>699</u>	<u>907</u>

	2014 £'000	2013 £'000
(ii) Reconciliation of net cash flow to movement in net debt		
Increase in cash in the year	1,615	525
Loans repaid	124	177
Loans drawn down	(700)	-
	<u>1,039</u>	<u>702</u>
Change in net debt		
Net debt at 1 April 2013	<u>(3,158)</u>	<u>(3,860)</u>
Net debt at 31 March 2014	<u>(2,119)</u>	<u>(3,158)</u>

(iii) Analysis of changes in net debt

	At 1 April 2013	Cash Flows	Changes	At 31 March 2014
Cash at bank and in hand	1,070	1,615	-	2,685
Debt due within one year	(119)	124	(154)	(149)
Debt due outwith one year	<u>(4,109)</u>	<u>(700)</u>	<u>154</u>	<u>(4,655)</u>
	<u>(3,158)</u>	<u>1,039</u>	<u>-</u>	<u>(2,119)</u>

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in compliance with the Scottish Housing Regulator's Determination of Accounting Requirements (2012) and in accordance with applicable Accounting Standards and the 2010 Statement of Recommended Practice (SORP) Accounting by Registered Social Landlords. A summary of the significant Accounting Policies, which have been applied consistently, is set out below.

Basis of Accounting

The financial statements are prepared on a going concern basis and under the historical cost accounting convention.

Going concern

The Board of Management in preparing these financial statements is mindful of future local authority funding cuts for care services and the process of renewal of contracts is being actively managed by the Association's management ensuring the needs of stakeholders are taken into account. The Board is also mindful of the continuing constitutional partnership discussions and the Board is actively managing associated risks including the requirement to have ongoing banking arrangements confirmed. The Board has reviewed short and medium term financial projections for Barony Housing Association and the assumptions surrounding those and is satisfied that the Association has adequate resources for the foreseeable future. The Board is also satisfied through partnership discussions that a condition of any constitutional partnership would be confirmation of an ongoing bank support. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Pensions

The Association participates in a multi-employer defined benefit pension scheme for its employees, designed to provide retirement benefits based on final pensionable salaries. The assets of the scheme are held separately from those of the Association in an independently administered fund. The Association accounts for its share of the pension scheme liabilities and assets using information provided by the Scheme Actuary. The scheme liabilities are measured using a projected unit method and are discounted at an AA corporate bond rate. The scheme assets are valued at market value. In accordance with FRS 17 "retirement benefits", the Association's share of a scheme deficit is recognised in full on the balance sheet and its share of a surplus is recognised to the extent that the surplus can be recovered.

Turnover

Turnover represents rental and service charge income, Department of Work and Pensions and Community Care Income, revenue grants and contractual income receivable from Local Authorities and Health Boards. Rental and service charge income is recognised on a weekly basis (periodically, 53 rather than 52 weeks of income is recognised) and contractual income and revenue grants are recognised when the Association has a right to the income.

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

Provision for Doubtful Debts

The provision is set on the estimate of irrecoverable debt at the reporting date, which, it is thought, could possibly be written off in the future.

Operating Leases

Operating lease costs are charged to the income and expenditure account as incurred over the term of the lease.

Mortgages

Mortgage loans are advanced by Private Lenders or Local Authorities under the terms of individual mortgage deeds in respect of each property.

Tangible Fixed Assets

Housing Properties

Housing property comprise several components with substantially different useful economic lives and under the component accounting principle, each major component is accounted for separately and depreciated over its individual useful economic life.

Housing properties and components are stated at cost. The development costs of housing properties funded with traditional HAG or under earlier funding arrangements include the following:

- (i) Cost of acquiring land and buildings; and
- (ii) development expenditure, which is capitalised, including interest on developments loans.

Significant expenditure on schemes, which are subsequently aborted, is written off in the year in which it is recognised that the schemes will not be developed to completion.

Works to existing housing properties

Where work is carried out to existing properties and results in an enhancement of the economic benefits of the property they will be accounted for as an improvement and capitalised in note 13. Such circumstances are as follows:-

- (i) Where a component of the tangible fixed asset that has been treated separately for depreciation purposes and depreciated over its individual useful economic life, is replaced or restored.
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed asset in excess of the previously assessed standard of performance.

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

- (iii) Where the subsequent expenditure relates to a major inspection or overhaul of a tangible fixed asset that restores the economic benefits to the asset that have been consumed by the entity and have already been reflected in depreciation.

Works on existing properties that are not regarded as enhancing their value are charged to the income and expenditure account and included under maintenance costs in note 3.

Depreciation

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

The Association depreciates the net cost of freehold housing properties by component on a straight line basis over the estimated useful economic lives of component categories.

The net cost is reached by reducing the historic cost of the component (minus the cost of the land) by the proportion of HAG and other capital grants received in respect of the component elements of the property. A full year's depreciation is charged in the year in which the property is practically complete.

Useful economic lives for identified components are as follows:

Component	UEL
Structure	50yrs
Roof	50yrs
Windows/Ext Doors	30yrs
Electrics	25yrs
Kitchen	15yrs
Bathroom	15yrs
Heat & Boiler	15yrs

Leasehold Improvements are depreciated over the remaining lease term.

Furniture and equipment are depreciated at 25 per cent per annum on cost. A full year's depreciation is charged on these assets in the year of purchase.

Housing Association Grants

For schemes developed under terms of the 1988 Housing Act, Housing Association Grant is paid directly to the Association as required, to meet its liabilities during the development process. HAG is repayable under certain circumstances, primarily following the sale of property, but will normally be restricted to net proceeds of sale.

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

Designated Reserves

Furnishings

The Association completes the decoration of its properties over a 3 year cycle and furniture is replaced over varying timescales. Provision is made for future expenditure and a transfer is made from the Furnishing Reserve to off-set the actual costs of furnishings and decoration included in operating costs.

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

2 LETTINGS AND OTHER RELATED INFORMATION – PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	Operating Costs	Operating Surplus	2013
	£'000	£'000	£'000	£'000
Social Lettings	2,187	(1,916)	271	338
Other Activities	4,278	(4,420)	(142)	(21)
Total	6,465	(6,336)	129	317
Total for previous period of account	6,379	(6,062)	317	

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

3 PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM SOCIAL LETTING ACTIVITIES

	General Needs Housing	Supported Housing Accommodation	Shared Ownership Accommodation	Other - Registered Care Homes	Total	2013
	£'000	£'000	£'000	£'000	£'000	£'000
Rent Receivable net of service charge	1,126	498	-	48	1,672	1,538
Service Charges	15	504	-	22	541	720
Gross income from rents and service charges	1,141	1,002	-	70	2,213	2,258
Less: Voids	(7)	(18)	-	(1)	(26)	(34)
Net income from rents and service charges	1,134	984	-	69	2,187	2,224
Other revenue grants	-	-	-	-	-	-
Total Turnover from Social Letting Activities	1,134	984	-	69	2,187	2,224
Management and maintenance administration costs	560	192	-	9	761	806
Service costs	11	478	-	18	507	576
Planned and cyclical maintenance including major repair costs	119	110	-	7	236	81
Reactive maintenance costs	150	54	-	7	211	215
Bad debts – rents and service charges	2	(7)	-	4	(1)	12
Depreciation of social housing	166	34	-	2	202	197
Impairment of social housing	-	-	-	-	-	-
Operating costs for Social Letting Activities	1,008	861	-	47	1,916	1,887
Operating Surplus for Social Lettings	126	123	-	22	271	337
Operating Surplus for Social Letting for previous period of account	163	154	-	20	337	

The voids represent mainstream voids only. Void costs relating to Supported Accommodation where occupancy is dependent on Local Authority placements are included in note 4.

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

4 PARTICULARS OF TURNOVER, OPERATING COSTS & OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants from Scottish Ministers £'000	Other revenue grants £'000	Supporting People income £'000	Other income £'000	Total turnover £'000	Operating costs – bad debts £'000	Other Operating costs £'000	Operating surplus or deficit £'000	2013 £'000
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Registered Care	-	-	-	231	231	-	(252)	(21)	(13)
Housing support	-	2,378	1,113	108	3,599	-	(3,697)	(98)	7
Day Care	-	446	-	2	448	-	(471)	(23)	(14)
Other activities	-	-	-	-	-	-	-	-	-
Total from other activities	-	2,824	1,113	341	4,278		(4,420)	(142)	(20)
Total from other activities for the previous period of account	-	2,665	1,155	335	4,155	-	(4,175)	(20)	-

There are no Other Activities in addition to the ones listed above

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

5 UNITS LET DURING THE YEAR

	Registered	Supported	Leased	Main-stream	Total
As at 1 April	8	97	23	261	389
Additions in the year	-	5	-	-	5
Disposals in the year	-	(6)	-	(2)	(8)
Transfers in the year	-	9	(3)	(5)	1
As at 31 March	<u>8</u>	<u>105</u>	<u>20</u>	<u>254</u>	<u>387</u>

Leased Units above are properties owned by Barony Housing Association which are leased to and managed by third parties.

NON-BARONY OWNED PROPERTIES IN THE ABOVE FIGURES

	Registered	Supported	Leased	Main-stream	Total
As at 1 April	-	28	-	-	28
Additions in the year	-	-	-	-	-
Disposals in the year	-	(6)	-	-	(6)
As at 31 March	<u>-</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>22</u>

6 DIRECTORS EMOLUMENTS

Number of officers who have received emoluments greater than £60,000 (Officers is defined as members of the Board of Management and the Chief Executive Officer/Secretary).

2014
No.

1

2013
No.

1

2014
£'000

63

2013
£'000

63

The emoluments (excluding pension contributions) of the Chief Executive Officer amounted to

No payment by way of fees or other remuneration was made during the year to members of the Board of Management or to any member of the Association. The total expenses reimbursed to Board of Management members in so far as not chargeable to United Kingdom Tax amounted to £645 (2013: £500).

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

	2014 No.	2013 No.
7 EMPLOYEE INFORMATION		
The average monthly number of persons employed during the year was	<u>219</u>	<u>227</u>
The average monthly number of employees expressed in full time equivalents	<u>164</u>	<u>158</u>
	2014 £'000	2013 £'000
Staff costs (including Directors' emoluments)		
Wages and salaries	3,754	3,511
Social Security costs	251	240
Pension costs - normal contributions	391	350
- FRS17 adjustment	54	(45)
	<u>4,450</u>	<u>4,056</u>
In addition to the above staff costs the Association also incurred agency staff costs of £109,917 during the year (2013: £163k).		
8 OPERATING SURPLUS		
	2014 £'000	2013 £'000
Operating surplus is stated after charging		
Depreciation (Properties)	228	222
Depreciation (Office equipment)	38	45
Redundancy cost	-	17
Auditors' remuneration: audit services	<u>11</u>	<u>13</u>

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

9 OPERATING LEASE COMMITMENTS

	2014 Land/ Buildings £'000	2014 Equip- ment £'000	2014 Total £'000	2013 Total £'000
Annual Commitment expiring in:				
Less than 1 year	64	4	68	66
Between 1 and 2 years	22	10	32	11
Between 2 and 5 years	-	1	1	-
After 5 years	144	-	144	144
	<u>230</u>	<u>15</u>	<u>245</u>	<u>221</u>

10 INTEREST RECEIVABLE

	2014 £'000	2013 £'000
Interest receivable on bank deposits	5	1
Defined benefit pension scheme assets – interest cost	(572)	(501)
Expected return on employer assets	690	640
Net Return	<u>123</u>	<u>140</u>

11 INTEREST PAYABLE

	2014 £'000	2013 £'000
Loan interest	<u>147</u>	<u>132</u>

12 TAXATION

The Association is recognised by H M Revenue and Customs as a charity for taxation purposes. This results in no liability to corporation tax in the year.

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

13 TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

		2014 Held for Letting £'000
Cost:	At 1 April	20,932
	Additions	744
	Disposals	(664)
	At 31 March	<u>21,012</u>
Depreciation:	At 1 April	1,336
	Charge during year	202
	Disposals	(28)
	At 31 March	<u>1,510</u>
Depreciated Cost:	At 31 March	<u>19,502</u>
Less:	Housing Association Grant:	
	At 1 April	12,789
	Disposals	(554)
	At 31 March	<u>12,235</u>
	Other Government Capital Grants:	
	At 1 April	1,212
	Disposals	-
	At 31 March	<u>1,212</u>
NET BOOK VALUE AT 31 MARCH 2014		<u>6,055</u>
NET BOOK VALUE AT 31 MARCH 2013		<u>5,595</u>

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

14 TANGIBLE FIXED ASSETS – OTHER FIXED ASSETS

	Leasehold Improvements £'000	Land & Buildings £'000	Office Equip- ment £'000	2014 Total £'000
Cost: At 1 April	178	580	239	997
Additions during Year	-	-	3	3
Disposals during year	-	-	-	-
At 31 March	178	580	242	1000
Depreciation: At 1 April	51	129	190	370
Charge during Year	14	12	38	64
Disposals during year	-	-	-	-
At 31 March	65	141	228	434
NET BOOK VALUE AT 31 MARCH 2014	113	439	14	566
NET BOOK VALUE AT 31 MARCH 2013	127	451	49	627

The book value of Land & Buildings is shown net of capital grants of £57k (2013: £57k) received from the then Scottish Education Department.

15 DEBTORS

	2014 £'000	2013 £'000 Represented
Amounts falling due within one year:		
Arrears of rent and service charge	73	100
Less provision for bad debts	(39)	(58)
	34	42
Loans to tenants / Contact Point users	1	2
Other debtors	332	362
	367	406

Cash in transit is now represented in Other Debtors and as such the arrears of rent and service charges has been restated to reflect this change.

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

16 FUNDS HELD AS INTROMITOR OF FUNDS

During the year, the Association held funds on behalf of a small number of tenants as an intromitor of funds under the Adults with Incapacity (Scotland) Act 2000. At the year end, custodian funds held amounted to £13,270 (2013: £17,151) for 6 tenants (2013:6). These funds are not included in the financial statements.

17 CREDITORS DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Prepayments of rent and service charge	44	42
Housing loans (see note 18)	149	119
Other taxes and social security costs	68	71
Deferred income	17	30
Other creditors	1,252	905
	<u>1,530</u>	<u>1,167</u>

18 CREDITORS DUE OUTWITH ONE YEAR

	2014 £'000	2013 £'000
Housing Loans	<u>4,654</u>	<u>4,109</u>

Housing loans are secured by specific charges on the Association's properties and are repayable by instalments at varying rates of interest (between 1.15% and 6.82% at 31/3/14) due as follows:

	2014 £'000	2013 £'000
Within one year	149	119
Between one and two years	169	132
Between two and five years	498	449
In five years or more	3,987	3,528
	<u>4,803</u>	<u>4,228</u>

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

19 PROVISIONS FOR LIABILITIES AND CHARGES

Redundancy Costs £'000

As at 1 April 2013	4
Charged to Income and Expenditure account	(4)
	<hr/>
As at 31 March 2014	-
	<hr/>

20 SHARE CAPITAL

2014 £

2013 £

Shares of £1 each fully paid and issued	56	54
Issued during year	1	2
Redeemed during year	(1)	-
	<hr/>	<hr/>
	56	56
	<hr/>	<hr/>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends or distributions on a winding up. Where 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 DESIGNATED RESERVES

Furnishings 2014 £'000

At 1 April 2013	119
Transfer from Revenue Reserves	83
Transfers to Revenue Reserves	(46)
	<hr/>
At 31 March 2014	156
	<hr/>

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

22 REVENUE RESERVES	2014 £'000	2013 £'000
At 1 April 2013	2,299	2,240
Surplus including pension scheme adjustment	1,135	325
Actuarial (loss) on pension scheme	(1,907)	(184)
Transfer from Pension Reserves	1,843	-
Transfer to Designated Reserves	(83)	(112)
Transfer from Designated Reserves	<u>46</u>	<u>30</u>
At 31 March 2014	<u>3,333</u>	<u>2,299</u>

23 CAPITAL COMMITMENTS

Capital commitments at 31 March, 2014 were £161,453 (including VAT) relating to heating installations at Ennis Court (2013 £nil).

24 RELATED PARTIES

During the year ended 31 March 2014 Robert Cox was a member of the Board of Management and a tenant of Barony Housing Association until he retired from the Board of Management 17 January 2014. He has a standard tenancy agreement and was awarded his tenancy in line with best practice allocations policy.

25 CONTINGENT LIABILITIES

Contingent Liabilities at 31 March 2014 were £nil (2013 - £nil)

26 PENSION COMMITMENTS

The pension cost for the year amounted to £456k (2013 - £350k). At 31 March 2014, the Association had pension contributions outstanding amounting to £45k (2013 - £40k). Barony participates in the Lothian Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by the City of Edinburgh Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended. It is contracted out of the State Second Pension. The Pension Fund is a defined benefit scheme into which employees' and employers' contributions, and interest and dividends from investments are paid and from which pensions, lump sums and superannuation benefits are paid out.

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

Pension Commitments (continued)

The contributions of the members are based on a sliding scale with the rate payable varying from 5.5% - 11.2% dependant on salary. The Association paid contributions at the rate of 16.8% plus £11,200 during the year (2012 – 16.8% plus £11,200). The latest formal valuation of the Fund for the purpose of setting employers' actual contributions was as at 31 March 2011, with the next formal valuation due as at 31 March 2014. Employer's basic contributions are assessed each three years by an actuary and are fixed to ensure the fund remains solvent and in a position to meet its future liabilities. The actuarial method used is known as the Projected Unit Method.

In accordance with Financial Reporting Standard 17 on retirement benefits, the Fund's actuaries undertook a pension expense calculation as at 31 March 2014. This calculation was based on rolling forward previous valuation data to 31 March 2014 on the basis of a number of financial assumptions. The projected unit method of valuation was used to calculate the service cost.

Employee Benefit Obligations

The amounts relating to the assets and liabilities of the scheme are as follows:

Reconciliation of fair value of Employer assets	2014 £'000	2013 £'000
Fair value of plan assets	13,948	12,863
Present value of funded obligations	(15,791)	(12,532)
Net overfunding in Funded Plans	(1,843)	331
Amounts in balance sheet		
Liabilities	(1,843)	-
Assets	-	331
Net Asset	(1,843)	331

The assumptions underlying the FRS 17 funding position calculation has produced a pension deficit in respect of Barony Housing Association of (£1,843k) (2013: surplus £331k).

While FRS 17 requires that any deficit is recognised in full on the balance sheet, surpluses may only be recognised to the extent that the employer can recover the surplus through refunds of contributions or reduced contributions in the future.

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

Pension Commitments (continued)

The amounts recognised in the income and expenditure account are as follows:

	2014 £'000	2013 £'000
Current service cost	454	302
Interest cost	572	501
Expected return on plan assets	(690)	(640)
Losses on curtailments and settlements	-	-
Total	<u>336</u>	<u>163</u>
Actual return on plan assets	777	1,723

Changes in the present value of the defined benefit obligations are as follows:

	2014 £'000	2013 £'000
Opening defined benefit obligation	12,532	10,363
Current service cost	454	302
Interest cost	572	501
Contributions from members	138	121
Actuarial losses/(gains)	2,326	1,515
Losses on curtailments	-	-
Estimated benefits paid	(231)	(270)
Closing defined benefit obligation	<u>15,791</u>	<u>12,532</u>

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

Pension Commitments (continued)

Changes in the fair value of plan assets are as follows:

	2014 £'000	2013 £'000
Opening fair value of plan assets	12,863	10,944
Expected return	690	640
Contributions by members	138	121
Contributions by employer	400	347
Actuarial gains	88	1,081
Benefits paid	(231)	(270)
Closing fair value of plan assets	<u>13,948</u>	<u>12,863</u>

The company expects to contribute £435k to its defined benefit pension plans in 2014.

	2014 £'000	2013 £'000
Equities	10,740	10,161
Bonds	1,255	1,029
Property	1,116	1,158
Cash	837	515
	<u>13,948</u>	<u>12,863</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2014 %	2013 %
Inflation/Pension Increase Rate	2.9%	2.8%
Future salary increases	5.2%	5.1%
Discount rate at 31 March	4.3%	5.3%
Expected Return on Assets	6.1%	4.5%

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2014 (cont'd)

Pension Commitments (continued)

Defined benefit pension plans	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Fair Value of Employer Assets	13,948	12,863	10,944	11,103	10,192
Present Value of Defined benefit obligation	(15,791)	(12,532)	(10,363)	(9,977)	(11,943)
(Deficit)/ Surplus	(1,843)	331	581	1,126	(1,751)
Experience adjustments on plan Assets	88	1,081	(1,246)	(187)	2,075
Experience adjustments on plan Liabilities	6	16	712	-	-

Amounts recognised in the Statement of recognised surpluses and deficits (STRSD):

Defined benefit pension plans	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Actuarial gains and losses	(2,238)	(434)	(850)	1,497	(2,698)
Other amounts recognised in the STRSD	-	-	-	-	-
Actuarial (losses)/ gains recognised in STRSD	(1,907)	(184)	(340)	371	(1,916)
Cumulative actuarial gains and losses	(4,145)	(618)	(1,190)	1,868	(1,285)

27 INVESTMENT IN SUBSIDIARY

On 28 October 2010, Help in Your Home Limited was incorporated as a charitable company, registered in Scotland. Barony Housing Association Limited holds the single ordinary £1 share in issue and the company has remained dormant since incorporation. The Board of Management consider consolidation of this subsidiary's financial information to be of no real value, due to the insignificant amount involved and therefore consolidated financial statements have not been prepared.

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