



## Mutual Societies Annual Return Form (AR30)

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

### Society name:

BARONY HOUSING ASSOCIATION LIMITED

### 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.

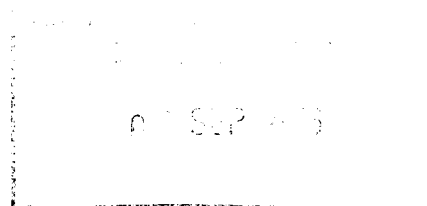
Please keep a copy of the form and supporting documents for future reference.

### 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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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

**[mutualsannrtms@fca.org.uk](mailto:mutualsannrtms@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	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	6
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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	MARTIN KELSO
Address	3 EDDERSTON RIDGE VIEW PEEBLES
Postcode	EH45 9NB
Year of birth	1959
Business occupation and other directorships	CHARTERED ACCOUNTANT AND HAS HIS OWN CONSULTING BUSINESS

### 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	DIRECTOR

## 1.6 Details of Members of the Committee

Name	Address	Year of birth	Business occupation and other directorships
CATHERINE LOWE	10/2 TEMPLETON COURT GLASGOW G40 1EF	1960	INDEPENDENT HOUSING CONSULTANT - CURRENTLY WORKING WITH RIVER CLYDE HOMES
DONALD MARTIN	36/2 MARLBOROUGH STREET EDINBURGH EH15 2BG	1969	HOUSING OFFICER
IRIS McMILLAN	7 RESTALRIG AVENUE EDINBURGH EH7 6PP	1953	SOLICITOR
AMANDA MILLER	12 MURISON HILL SELKIRK TD7 5AP	1967	DIRECTOR OF HOUSING SERVICES
SIMON GUEST	2/6 LAUDER ROAD EDINBURGH EH9 2EJ	1949	FORMER LEGAL DIRECTOR & DIRECTOR OF BUSINESS DEVELOPMENT
GEORGE HOTCHKISS	15 GLEN ROAD PEEBLES EH45 9AY	1959	ASSISTANT PRINCIPAL WEST LOTHIAN COLLEGE

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.**

- 1.7 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

SCO16030

- 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

HEP69

**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?**

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**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?**

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**1.17 How did members democratically control the society?**

--

**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.

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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.

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**Continue to 2.1**

## Community benefit society

### 1.19 Who are the community the society benefited?

#### 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

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

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.

### 1.21 How did the society use any surplus/profit?

Barony reinvests any surpluses generated into improvements to our properties and services to the benefit of Barony tenants and service users.

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**

# 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	57
B	Members ceased during year	2
C	Members admitted during year	4
D	Members at end of year	59
E	Turnover for year	6,740,000
F	Total of income and expenditure (receipts and payments added together)	13,527,000
G	Net surplus/(deficit) for year	(47,000)
H	Fixed assets	13,880,000
I	Current assets	3,265,000
J	Total assets (equal to amount in row O, below)	17,145,000
K	Current liabilities	1,680,000
L	Share capital	0
M	Long-term liabilities	5,361,000
N	Reserves	10,104,000
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	17,145,000
All societies (excluding clubs) must complete boxes P-T		
P	Investments in other registered societies	0
Q	Loans from members	0
R	Loans from Employees' Superannuation Schemes	0
S	Dividends on sales	0
T	Share interest	0

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

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

<p>HELP IN YOUR HOME LIMITED SC387809 COMPANY WAS REGISTERED IN OCTOBER 2010 AND REMAINED DORMANT THEREFORE GROUP ACCOUNTS WERE NOT REQUIRED.</p> <p>THIS COMPANY WAS DISSOLVED AND STRUCK OF THE REGISTER AT COMPANIES HOUSE. DISSOLUTION DATE OF 30 AUGUST 2016.</p>

# 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.

- |   |                                  |
|---|----------------------------------|
| <input checked="" type="checkbox"/> Full professional audit | ▶ Continue to section 4          |
| <input type="checkbox"/> Accountant's report                | ▶ Complete questions 3.2 and 3.3 |
| <input type="checkbox"/> Lay audit                          | ▶ Complete questions 3.2 and 3.3 |
| <input type="checkbox"/> 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	2	/	0	9	/	2	0	1	6
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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

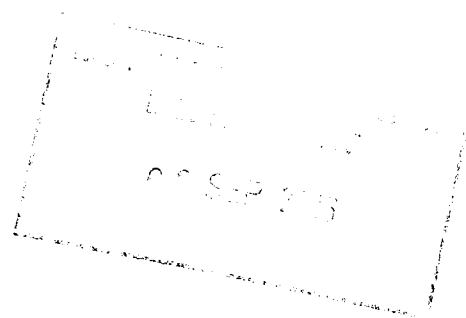
- 4.3 The Secretary of the society must sign and date below

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

Name	REBECCA WILSON
Signature	
Phone number	0345 140 7777
Email	RJW@baronyha.org.uk
Date	01/09/2016



**FINANCIAL STATEMENTS  
2015/2016**



## Members, Executive and Advisers

### Board of Management

Martin Kelso	(Convenor)
Catherine Lowe	(Vice Convenor)
Hugh Carr	(resigned 31 March 2016)
Iris McMillan	
Donald Martin	
Amanda Miller	
Simon Guest	
Lindsey McNeill	
George Hotchkiss	
Sheila McKenzie	(co-opted 23 July 2015)
Helen Howden	(co-opted 5 August 2015)

### Registered Office

Canal Court  
40 Craiglockhart Avenue  
EDINBURGH  
EH14 1LT

### Director and Secretary

Rebecca Wilson  
Director  
Barony HA Ltd

### Solicitors

Morisons LLP  
Erskine House  
68 Queen Street  
EDINBURGH  
EH2 4NN

### Auditor

Chiene + Tait LLP  
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 Co-operative and Community Benefit Societies Act 2014 No:  
1684R (S). Scottish Charity No: SC016030. Scottish Housing Regulator No: HEP69

## **Report of the Board of Management for the year ended 31 March 2016**

The Board of Management presents its report and audited financial statements for the year ended 31 March 2016.

### **Structure, Governance & Management**

#### Governing Document

Barony Housing Association Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014 (formally the Industrial and 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'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. The Board of Management retains responsibility for overall risk management within the organisation.

The key 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

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.

## **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
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## **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 2015/16 Barony's Board and senior staff progressed partnership discussions with Wheatley Group with a view to Barony becoming a subsidiary of the Group. These discussions were very positive and resulted in Barony joining Wheatley Group on 1 April 2016.

Key milestones in the partnership process during 2015/16 were:

- Questionnaire seeking tenants views – July 2015
- Consultation Roadshow events with Barony tenants – August 2015
- Identifying key Tenant Promises to be delivered by partnership – August 2015
- Scottish Housing Regulator approval to formally consult – September 2015
- Two stages of formal tenant consultation – October to December 2015
- Scottish Housing Regulator approval to ballot tenants – December 2015
- Tenant Ballot with 92% 'Yes' result for the proposal – February 2016
- Unanimous support for partnership at Special General Meeting – March 2016
- Scottish Housing Regulator final approval – March 2016

In addition to progressing the partnership with Wheatley, other achievements during 2015/16 included:

- Continuing to actively address the challenges of Welfare Reform
- Continuing to provide a Tenancy Sustainment service available to all Barony tenants, providing access to a range of advice and funding as well as enabling tenants to gain skills to help them to make a success of their tenancy
- Continuing to provide a successful welfare benefits advice service for tenants, working in partnership with Link Housing Association
- 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
- Commissioning a full stock condition survey of all Barony's properties
- Commissioning a valuation of all Barony's properties
- Successful involvement in tendering for care services, achieving a position on the Specialist Providers care and support framework in West Lothian, retaining our existing work
- Working with Fife Council and 12 other provider organisations in the formation of a Public Social Partnership for Short Term Housing Support and Homelessness Services

## **Financial Review**

This year Barony's financial statements reflect the introduction of the new Financial Reporting Standard (FRS) 102 and the Statement of Recommended Practice (SORP) for Social Housing Providers 2014.

Barony has also adopted a new accounting policy of holding housing properties in the Statement of Financial Position at valuation and not historic cost.

Comparative figures for 2015 have been restated accordingly.

### **Results for the period**

This year we report an operating deficit including the pension scheme adjustment of £47k (2014/15 deficit £156k). Excluding adjustments attributable to the pension scheme the operating surplus for the year was £209k (2014/15 £75k).

The statement of comprehensive income this year includes an increase in the valuation of housing properties of £597k (2015 restated £361k)

Turnover for the year ended 31 March 2016 totalled £6,740k (2015: £6,510k). The main sources of funding are rent and service charge income £2,370k (2015: £2,272k) as detailed in Note 3 of the financial statements, which is used to provide housing accommodation and landlord services. The Association also receives care and support revenue funding £4,370k (2015: £4,238k) as detailed in Note 4 of the financial statements.

Operating costs totalled £6,787k (2015: £6,666k) including a pension adjustment cost of £256k (2015: £231k).

The Association received finance income of £16k (2015: £14k) from investments in short-term cash deposits.

Finance charges on the Association's loans totalled £153k (2015: £159k) and pension interest costs £109k (2015: £84k).

Total comprehensive deficit for the year of £353k (2015: £2,949) includes additional pension costs of £365k (2015: £62k), an actuarial loss in respect of the Lothian Pension Fund £657k (2015: £2,949k) partially offset by an increase in the valuation of housing properties of £597k (2015: £361k).

The cash flow statement shows that Barony generated £811k (2015: £252k) from operating activities. Cash and cash equivalents in the year increased by £343k (2015: decrease £240k).

### **Plans for the Future**

Barony became part of Wheatley Group on 1 April 2016. Barony is a subsidiary organisation with Wheatley Housing Group Ltd as parent. Barony will continue to be a distinct organisation in its own right; setting its own strategy and business plan, within the overall Group framework; continuing to own its assets, employ its own staff, provide landlord services to Barony tenants and care and support services to the people we support.

A key focus over the coming months and years will be delivering the following Tenant Promises identified during the partnership consultation phase:

- Invest more than £1.5 million in our homes over the next five years;
- Introduce appointments for non-emergency repairs;
- Introduce a 24 hours a day, seven days a week customer service;
- Introduce online services which will allow tenants to check their rent account balance, make payments, book a repair, and more;
- Provide access to lower cost home contents insurance;
- Provide an enhanced tenancy sustainment service: fuel advisors to help tenants cut their fuel bills while still staying warm; more access to skilled money and welfare advisors to help with budgeting worries and maximise income; recycled furniture through Wheatley's Home Comforts service;
- Opportunities to get a job, apprenticeship or training through Wheatley Pledge – a scheme which encourages Wheatley's suppliers and contractors to do more for communities;

- Places on Wheatley Group's own award winning apprenticeship programme giving young people in our communities, skills and the first step in their careers.

### **Employees**

The Association's policy is to discuss and consult with employees, both through the collective bargaining agreement with UNISON as the recognised trade union and also through the addition of a consultative Staff Association. The Association encourages all staff to participate in reviewing its strategic direction and key priorities during its business planning process. The Association strives to afford equal opportunities to all individuals and sections of the community and the policy is to encourage the recruitment of disabled people for all suitable vacancies. All necessary assistance with initial training courses is given. Arrangements are made, where possible, for re-training employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

The Chief Executive, Director of Care, Director of Housing and Director of Finance are defined as the key management for the Association. Remuneration for all staff including the key management personnel is based on salary scales which are reviewed by the Board of Management on an annual basis (further information is contained within note 6).

### **Treasury Management**

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Board. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2016, the Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

### **Going Concern**

The Board has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

### **Statement of Board of Management Responsibilities**

The Co-operative and Community Benefit Societies Act 2014 (formally 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; and
- Prepare a Statement on Internal Financial Controls.

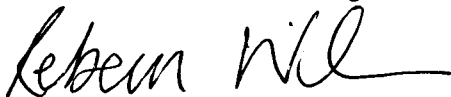
The Board of Management is responsible for keeping adequate accounting records, which disclose with reasonable accuracy at any time, the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – December 2014.

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**  
**25 August 2016**

**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.

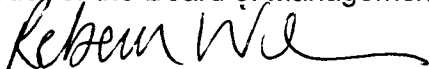
These systems are designed to provide reasonable assurance against material misstatement or loss.

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 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. During the period there were no identified weaknesses in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements or the report of the auditor.

By order of the Board of Management.



**REBECCA WILSON**  
**Secretary**  
**25 August 2016**

**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 2016 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Statement of Cash Flows 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 the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an 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 7 to 8, 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**

A description of the scope of an audit of accounts is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

**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 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – December 2014.

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

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

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

*Chiene & Tait LLP*

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

26 August 2016

**REPORT BY THE AUDITORS TO THE MEMBERS OF BARONY HOUSING  
ASSOCIATION LTD ON CORPORATE GOVERNANCE MATTERS**

In addition to our audit of the Financial Statements, we have reviewed your statement on page 9 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory 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 Financial Reporting Council. 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 reason given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on page 9 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 Committee and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board of Management's Statement on Internal Financial Control appropriately reflects the association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

*Chiene & Tait LLP*

**CHIENE + TAIT LLP**  
**Chartered Accountants and Statutory Auditors**  
**61 Dublin Street**  
**Edinburgh**  
**EH3 6NL**

26 August 2016

**Statement of Comprehensive Income for the year ended 31 March 2016**

	Notes	2016 £'000	2015 Restated £'000
Turnover	2	6,740	6,510
Operating expenditure	2	<u>(6,787)</u>	<u>(6,666)</u>
<b>Operating deficit</b>		<b>(47)</b>	<b>(156)</b>
Finance income	8	16	14
Finance charges	9	(262)	(243)
Increase in valuation of housing properties		<u>597</u>	<u>361</u>
<b>Surplus/(Deficit) for the year</b>		<b>304</b>	<b>(24)</b>
Actuarial loss in respect of pension schemes	21	<u>(657)</u>	<u>(2,949)</u>
<b>Total comprehensive income for the year</b>		<u><b>(353)</b></u>	<u><b>(2,973)</b></u>

All amounts relate to continuing operations. Comparative figures have been restated to reflect the adoption of SORP 2014 and FRS 102. (See note 25)

The Notes on pages 17 to 37 form part of these financial statements.

**Statement of Changes in Reserves for the year ended 31 March 2016**

	Revenue reserve 2016	Revaluation reserve 2016	Pension reserve 2016	Total 2016
	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2014 restated</b>	10,165	-	(1,843)	8,322
Surplus from statement of comprehensive income restated	(2,973)	-	-	(2,973)
Transfer to revaluation reserves	(361)	361	-	-
Transfer from pension reserves	3,264	-	(1,421)	1,843
<b>Balance at 31 March 2015 restated</b>	10,095	361	(3,264)	7,192
Deficit from statement of comprehensive income	(353)	-	-	(353)
Transfer to revaluation reserves	(597)	597	-	-
Transfer from pension reserves	1,023	-	2,242	3,265
<b>Balance at 31 March 2016</b>	10,168	958	(1,022)	10,104

Comparative figures have been restated to reflect the adoption of SORP 2014 and FRS 102. (See note 25).


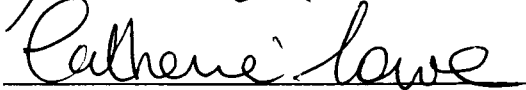
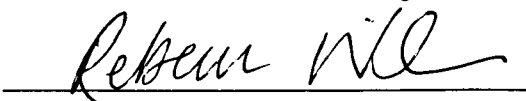
The notes on pages 17 to 37 form part of these financial statements.

**Statement of Financial Position as at 31 March 2016**

	Notes	2016 £'000	2015 Restated £'000
<b>Fixed assets</b>			
Social housing properties	13	13,274	12,902
Other fixed assets	14	606	591
Investments	24	-	-
<b>Current assets</b>			
Trade and other debtors	15	477	401
Cash and cash equivalents		2,788	2,445
<b>Creditors: amounts falling due within one year</b>	17	(1,680)	(1,392)
<b>Net current assets</b>		<b>1,585</b>	<b>1,454</b>
<b>Total assets less current liabilities</b>		<b>15,465</b>	<b>14,947</b>
<b>Creditors: amounts falling due after more than one year</b>	18	(4,339)	(4,491)
<b>Provisions for liabilities</b>			
Pension liability	23	(1,022)	(3,264)
<b>Total Net Assets</b>		<b>10,104</b>	<b>7,192</b>
<b>Reserves</b>			
Share Capital	20	-	-
Revenue reserves		10,168	10,095
Revaluation reserve		958	361
Pension reserve		(1,022)	(3,264)
<b>Total Reserves</b>		<b>10,104</b>	<b>7,192</b>

Comparative figures have been restated to reflect the adoption of SORP 2014 and FRS 102.  
(See note 25).

The financial statements on pages 12 to 37 were approved by the Board of Management on 25 August 2016 and were signed on its behalf by:

**MARTIN KELSO**  
Convenor

**CATHERINE LOWE**  
Vice Convenor

**REBECCA WILSON**  
Director/Secretary

The notes on pages 17 to 37 form part of these financial statements

**Statement of Cash Flows for the year ended 31 March 2016**

	Notes	2016 £'000	2015 Restated £'000
<b>Net cash generated from operating activities</b>	23	811	252
<b>Cash flow from investing activities</b>			
Improvement of properties		(121)	(246)
Purchase of other fixed assets		(60)	(2)
Grants received		-	34
Finance income		16	14
		<u>(165)</u>	<u>(200)</u>
<b>Cash flow from financing activities</b>			
Finance charges		(153)	(159)
Repayments of bank loans		(150)	(133)
		<u>(303)</u>	<u>(292)</u>
<b>Net change in cash and cash equivalents</b>		<b>343</b>	<b>(240)</b>
Cash and cash equivalents at 1 April		2,445	2,685
Cash and cash equivalents at 31 March		<u>2,788</u>	<u>2,445</u>
		<b>343</b>	<b>(240)</b>
<b>Cash and cash equivalents at 31 March</b>			
Cash		2,788	2,455

Comparative figures have been restated to reflect the adoption of SORP 2014 and FRS 102. (See note 25).

The notes on pages 17 to 37 form part of these financial statements

## **Notes to the Financial Statements for the year ended 31 March 2016**

### **1 LEGAL STATUS**

Barony Housing Association ("Barony" or "the Association") is registered under the Co-operative and Community Benefit Societies Act 2014 and is a housing association registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The principle activities of the Association are the provision of social housing with the associated services for general needs and supported accommodation, and community care services. The registered office is Canal Court, 40 Craiglockhart Avenue, Edinburgh, EH14 1LT. The Association is a Public Benefit Entity.

### **2 ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### **Basis of accounting**

The financial statements of the Association are prepared in accordance with applicable accounting standards and in accordance with the accounting requirements included within the Determination of Accounting Requirements 2014, and under the historic cost accounting rules, modified to include the revaluation of properties held for letting and commercial purposes. The financial statements have also been prepared in accordance with the Statement of Recommended Practice for registered social housing providers 2014 ("the SORP"), issued by the National Housing Federation and under Financial Reporting Standard 102 (FRS 102). These are the first financial statements prepared under FRS 102 and SORP 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 25.

#### **Going concern**

The financial statements have been prepared on a going concern basis after consideration of the future prospects of the Association. The Board has reviewed short, medium and long 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.

#### **Accounting estimates and judgements**

Estimates and judgements are based on historical experience, advice from qualified experts and other factors as appropriate, and are continually evaluated. The following are the main accounting judgements and estimates that affect the financial statements. Discount rates have been used in the valuation of housing properties and in the assessment of the fair value of financial instruments. The rates used are subject to change and are influenced by wider economic factors over time. In determining the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable.

Turnover represents rental and service charge income, 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 is recognised when the Association has a right to the income.

### **Grant income**

Where a grant is paid as a contribution towards revenue expenditure, it is included in turnover. Where a grant is received from government and other bodies as a contribution towards the capital cost of housing schemes, which are held at valuation, the grant is recognised as income using the performance model in accordance with SORP 2014. Prior to satisfying the performance conditions, capital grant is held as deferred income on the statement of financial position.

### **Bad and doubtful debts**

Provision is made against rent arrears of current and former tenants as well as other miscellaneous debts due to the extent that they are considered potentially irrecoverable. Debts are classed as uncollectable after an assessment of the legislative options available to recover and consideration of specific circumstances.

### **Financial instruments**

#### *Debtors and creditors receivable/payable within one year*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

#### *Loans and borrowings*

Bank loans provided by Private Lenders or Local Authorities under the terms of individual mortgage deeds in respect of each property, are also classed as basic under the requirements of FRS 102, and are therefore also measured at amortised cost.

#### *Payment arrangements with tenants*

In the case of payment arrangements that exist with tenants, these are deemed to constitute financing transactions and, where material, are measured at the present value of future payments discounted at a market rate of interest applicable to similar debt instruments.

### **Deposits**

Cash comprises cash in hand and deposits less overdrafts repayable on demand.

## **Pensions**

The Association participates both in a multi-employer defined benefit pension scheme, Lothian Pension Fund, and Pension Trust Social Housing Pension Scheme Defined Contribution (SHPS DC) as the pension auto enrolment scheme.

The Lothian Pension Fund defined benefit scheme is 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 102, 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.

## **Fixed assets – housing properties**

In accordance with SORP 2014, the Association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock.

### **• Valuation of housing stock**

Social housing properties are valued annually on an Existing Use for Social Housing (EUV-SH) basis by an independent professional adviser qualified by the Royal Institution of Chartered Surveyors to undertake valuation.

The cost of properties is their purchase price together with the cost of capitalised improvement works and repairs which results in an enhancement of the economic benefits of the asset.

### **• Depreciation**

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over the estimated useful life which has been set taking into account professional advice, the Association's asset management strategy and the requirements of the Scottish Housing Quality Standard. In determining the remaining useful lives for the housing stock, the Association has taken account of views provided by both internal and external professional sources. Freehold land is not subject to depreciation.

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following rates:

	<b>Economic Life</b>
Land	n/a
Bathrooms	15 years
Heating system boiler	15 years
Kitchens	15 years
Mechanical, electrical and plumbing	25 years
Windows & doors	30yrs
Structure & roofs	50yrs

A full year's depreciation is charged in the year in which Housing assets are practically complete.

Where there is evidence of impairment, the fixed assets are written down to the fair value after deducting costs to sell, and any write down is charged to operating surplus.

- **New build**

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale.

The Association's policy is to capitalise the following:

- Cost of acquiring land and buildings;
- Interest costs directly attributable;
- Development expenditure, including direct development staff costs; and
- Other directly attributable internal and external costs.

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

### **Impairment**

Reviews for impairment of housing properties are carried out at scheme level when a possible impairment is highlighted by a change in circumstances (such as high repair costs or difficulties in lettings). Any impairment in an income generating unit is recognised by a charge in the Statement of Comprehensive Income and is recognised when the carrying value of the unit exceeds the higher of its net realisable value or value in use. The net realisable value is determined by an external valuation by a RICS approved valuer.

### **Housing Association Grant and other capital grants**

Housing Association Grant (HAG) is received from central government and local authorities and is utilised to reduce the capital cost of housing properties.

HAG is recognised as income in the Statement of Comprehensive Income under the performance model. HAG due or received is held as deferred income until the performance conditions are satisfied, at which point it is recorded as income in the Statement of Comprehensive Income, within turnover. Grant received in respect of revenue expenditure is recognised as income in the period to which it relates.

Properties are disposed of under the provisions contained in the Housing (Scotland) Act 2014. Any gain that is repayable is accounted for as a liability on disposal of the property. Grant which is repayable but cannot be repaid from the proceeds of sale is accounted for as a liability. Where a disposal is deemed to have taken place for accounting purposes, but the repayment conditions have not been met in relation to the grant funding, the potential future obligation to repay is disclosed as a contingent liability.

**Other tangible fixed assets**

For other tangible fixed assets, depreciation is charged on a straight line basis over the expected useful economic lives of fixed assets to write off the cost, or valuation, less estimated residual values over the following expected lives. Assets are charged a full year's depreciation in the year of purchase at the following rates:

	<b>Economic Life</b>
Leasehold improvements	Remaining lease term
Land and buildings	50 years
Office equipment	4years

**Provisions**

The Association only provides for liabilities at the year-end date where there is a legal or constructive obligation incurred which will likely result in the outflow of resources.

**Taxation**

As a charity, Barony Housing Association is exempt from corporation tax on its charitable activities by virtue of Section 505(1) Income and Corporation Taxes Act 1988 and from capital gains tax by virtue of Section 145 Capital Gains Tax Act 1979.

**Value Added Tax**

The Association is not registered for VAT.

**Designated Reserves**

The Association currently holds no Designated Reserves.

**Leased assets**

Operating leases and the payments made under them are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

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

	Notes	Turnover	Operating Costs	Operating Surplus / (Deficit)	2015 Restated
		£'000	£'000	£'000	£'000
Social Lettings	3	2,370	(2,186)	184	174
Other Activities	4	4,370	(4,601)	(231)	(330)
<b>Total</b>		<b>6,740</b>	<b>(6,787)</b>	<b>(47)</b>	<b>(156)</b>
Total for previous period of account (restated)		<b>6,510</b>	<b>6,666</b>	<b>(156)</b>	

Operating costs include £256k pension adjustment (2015: £231k)

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

	General Needs Housing	Supported Housing Accommodation	Other - Registered Care Homes	Total 2016	2015 Restated
	£'000	£'000	£'000	£'000	£'000
Rent Receivable	1,215	567	53	1,835	1,745
Service Charges	15	554	21	590	575
<b>Gross income from rents and service charges</b>	<b>1,230</b>	<b>1,121</b>	<b>74</b>	<b>2,425</b>	<b>2,320</b>
Less: Voids	(5)	(49)	(1)	(55)	(48)
<b>Net income from rents and service charges</b>	<b>1,225</b>	<b>1,072</b>	<b>73</b>	<b>2,370</b>	<b>2,272</b>
Other revenue grants	-	-	-	-	-
<b>Total Turnover from Social Letting Activities</b>	<b>1,225</b>	<b>1,072</b>	<b>73</b>	<b>2,370</b>	<b>2,272</b>
Management and maintenance administration costs	574	254	17	845	706
Service costs	13	528	15	556	541
Planned and cyclical maintenance including major repair costs	124	95	7	226	263
Reactive maintenance costs	141	69	7	217	229
Bad debts – rents and service charges	1	(5)	-	(4)	13
Depreciation of social housing	285	58	3	346	346
Impairment of social housing	-	-	-	-	-
<b>Operating costs for Social Letting Activities</b>	<b>1,138</b>	<b>999</b>	<b>49</b>	<b>2,186</b>	<b>2,098</b>
<b>Operating Surplus for Social Lettings</b>	<b>87</b>	<b>73</b>	<b>24</b>	<b>184</b>	<b>174</b>
Operating Surplus for Social Letting for previous period of account	42	105	27	174	

Operating costs include £7k Pension Adjustment (2015: £12k)

#### 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	2015 £'000
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Registered Care	-	-	-	236	236	-	(263)	(27)	(37)
Housing support	-	2,509	1,062	120	3,691	-	(3,861)	(170)	(239)
Day Care	-	443	-	-	443	-	(477)	(34)	(54)
Other activities	-	-	-	-	-	-	-	-	-
<b>Total from other activities</b>	<b>-</b>	<b>2,952</b>	<b>1,062</b>	<b>356</b>	<b>4,370</b>		<b>(4,601)</b>	<b>(231)</b>	<b>(330)</b>
<b>Total from other activities for the previous period of account</b>	<b>-</b>	<b>2,871</b>	<b>1,056</b>	<b>311</b>	<b>4,238</b>	<b>-</b>	<b>(4,568)</b>	<b>(330)</b>	<b>-</b>

There are no Other Activities in addition to the ones listed above. \*Operating costs include £249k Pension Adjustment (2015: £219k)

## 5 BOARD MEMBERS EMOLUMENTS

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 £1,272 (2015: £619).

## 6 OFFICERS EMOLUMENTS

	2016 No.	2015 No.
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).	<u>1</u>	<u>1</u>
	<b>2016 £'000</b>	<b>2015 £'000</b>
The emoluments (excluding pension contributions) of the Chief Executive Officer amounted to	<u>63</u>	<u>63</u>
Pension contributions on the above	<u>11</u>	<u>10</u>

### Remuneration of key management personnel

Key management personnel comprise Chief Executive, Director of Care, Director of Housing and Director of Finance. Their aggregate remuneration was as follows:

	2016 £'000	2015 £'000
Wages and salaries	192	192
Social security costs	17	17
Staff pension costs	<u>33</u>	<u>32</u>
	<u>242</u>	<u>241</u>

	<b>2016 No.</b>	<b>2015 No.</b>
<b>7 EMPLOYEE INFORMATION</b>		
The average monthly number of persons employed during the year was	<u>215</u>	<u>227</u>
The average monthly number of employees expressed in full time equivalents	<u>159</u>	<u>165</u>
Staff costs (including Directors' emoluments)		
Wages and salaries	3,759	3,672
Social Security costs	235	239
Pension costs - normal contributions	358	396
- FRS102 adjustment	256	231
	<u>4,608</u>	<u>4,538</u>

In addition to the above staff costs the Association also incurred agency staff costs of £296k during the year (2015: £145k).

	<b>2016 £'000</b>	<b>2015 Restated £'000</b>
<b>8 FINANCE INCOME</b>		
Interest receivable on bank deposits	<u>16</u>	<u>14</u>
Net Return	<u>16</u>	<u>14</u>

	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>9 FINANCE CHARGES</b>		
Bank loan interest	153	159
Pension scheme – net interest cost	109	84
	<u>262</u>	<u>243</u>

## 10 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.

	<b>2016 £'000</b>	<b>2015 £'000</b>
<b>11 AUDITOR'S REMUNERATION</b>		
Audit services	12	10
Non-audit services	8	-

## 12 FINANCIAL COMMITMENTS

### Capital Commitments

Capital commitments at 31 March, 2016 were £nil (2014: £161k).

### Operating Lease Commitments

	2016 Land/ Buildings £'000	2016 Equip- ment £'000	2016 Total £'000	2015 Total £'000
Annual Commitment expiring in:				
Less than 1 year	67	7	74	52
Between 1 and 2 years	-	4	4	32
Between 2 and 5 years	28	-	28	-
After 5 years	116	1	117	145
	<b>211</b>	<b>12</b>	<b>223</b>	<b>229</b>

Total operating lease commitments at 31 March 2016 were £637k (2015: £810k)

### 13 TANGIBLE FIXED ASSETS – SOCIAL HOUSING PROPERTIES

	<b>2016 Restated Held for Letting £'000</b>
<b>At valuation</b>	
At 1 April 2015 (restated)	12,902
Additions	121
Disposals	(26)
Re-valuation	277
At 31 March 2016	<u>13,274</u>
<b>Depreciation</b>	
At 1 April 2015 (restated)	-
Charge during year	329
Disposals	(9)
Re-valuation	(320)
At 31 March 2016	<u>-</u>
<b>Net book value – valuation</b>	
At 31 March 2016	<u>13,274</u>
At 31 March 2015 (restated)	<u>12,902</u>
<b>Net book value – cost</b>	
At 31 March 2016	<u>19,177</u>
At 31 March 2015 (restated)	<u>19,402</u>

The net book value written off for components which have been replaced in the year of £17k is included in the depreciation charge on social housing contained in note 3.

Social housing properties have been valued by Jones Lang LaSalle Limited, an independent professional adviser qualified by the royal Institution of Chartered Surveyors (RICS) to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RICS at 31 March 2016 on an Existing Use Valuation for Social Housing (EUV-SH). A discount rate of 6% has been applied (2015: 6%). The valuation assumes a rental income increase of RPI+0.5% up to year 4 and RPI+1.0% from year 5 in line with the Association's 30yr Business Plan 2016/17. The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

## UNITS LET DURING THE YEAR

	Registered	Supported	Leased	Main-stream	Total
As at 1 April 2015	8	95	20	259	382
Additions in the year	-	-	-	-	-
Disposals in the year	-	-	(4)	-	(4)
Transfers in the year	-	-	1	(1)	-
As at 31 March 2016	<u>8</u>	<u>95</u>	<u>17</u>	<u>258</u>	<u>378</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 2015	-	17	-	-	17
and 31 March 2016	<u>-</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</u>

#### 14 TANGIBLE FIXED ASSETS – OTHER FIXED ASSETS

	Leasehold Improve- ments £'000	Land & Buildings Restated £'000	Office Equip- ment £'000	2016 Total £'000
Cost: At 1 April	178	637	244	1,059
Additions during Year	-	-	60	60
At 31 March 2016	178	637	304	1,119
Depreciation: At 1 April	79	152	237	468
Charge during Year	14	12	19	45
At 31 March 2016	93	164	256	513
<b>NET BOOK VALUE AT 31 MARCH 2016</b>	<b>85</b>	<b>473</b>	<b>48</b>	<b>606</b>
<b>NET BOOK VALUE AT 31 MARCH 2015 (Restated)</b>	<b>99</b>	<b>485</b>	<b>7</b>	<b>591</b>

Capital grants received in previous years from the then Scottish Education Department of £57k which were included in the NBV of Land & Buildings, have now been released to the Statement of Comprehensive Income (this is reflected in the 2015 restated figure of £485k).

#### 15 DEBTORS

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Arrears of rent and service charge	75	76
Less provision for bad debts	(15)	(38)
	60	38
Loans to tenants / Contact Point users	1	-
Other debtors	416	363
	<b>477</b>	<b>401</b>

## 16 FUNDS HELD AS INTROMITOR OF FUNDS

During the year, the Association held funds on behalf of a small number of tenants as an intromitter of funds under the Adults with Incapacity (Scotland) Act 2000. At the year end, custodian funds held amounted to £26,515 (2015: £15,533) for 9 tenants (2015:7). These funds are not included in the financial statements.

17 CREDITORS DUE WITHIN ONE YEAR	2016 £'000	2015 £'000 Restated
Prepayments of rent and service charge	53	68
Housing loans (see note 18)	181	180
Other taxes and social security costs	63	66
Deferred income (restated)	14	27
Other creditors	1,369	1,051
	<u>1,680</u>	<u>1,392</u>
Deferred income at 1 April 2015	27	17
Grant income received in the year	6	10
Released to Statement of Comprehensive Income	(19)	
Deferred income at 31 March 2016	<u>14</u>	<u>27</u>

18 CREDITORS DUE OUTWITH ONE YEAR	2016 £'000	2015 £'000
Housing Loans	<u>4,339</u>	<u>4,491</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 5.37% at 31/3/16) due as follows:	2016 £'000	2015 £'000
Within one year	181	180
Between one and two years	186	180
Between two and five years	590	565
In five years or more	3,563	3,746
	<u>4,520</u>	<u>4,671</u>

From the 1<sup>st</sup> April 2016 new borrowing arrangements were put in place to replace previous bank loans via a Wheatley Group facility consisting of bank and capital markets debt, secured on charged properties belonging to each of the RSLs within the Wheatley Housing Group, including Barony. This facility is provided through Wheatley Funding No1 Ltd, a wholly-owned subsidiary of the Wheatley Housing Group Ltd, with Barony having access to an intra-group facility secured on the Partnership's housing stock.

## 19 CONTINGENT LIABILITIES

Contingent Liabilities at 31 March 2016 were £nil (2015 - £nil)

## 20 SHARE CAPITAL

	2016 £	2015 £
Shares of £1 each fully paid and issued	57	56
Issued during year	4	2
Redeemed during year	(2)	(1)
	59	57

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 PENSION COMMITMENTS

Barony participates both in the Lothian Pension Fund which is a statutory multi-employer defined benefit scheme and also in the Pension Trust Social Housing Pension Scheme Defined Contribution (SHPS DC) as the pension auto enrolment scheme.

The total pension cost for the year amounted to £358k - Lothian Pension Fund £331k, Pension Trust SHPS DC £27k (2015 - Lothian Pension Fund £376k). At 31 March 2016 the Association had pension contributions outstanding amounting to £39k (2015 - £43k).

The Lothian Pension Fund, which is a statutory multi-employer 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. Employees who have 5 year + service are eligible to join as at 1<sup>st</sup> April 2014.

### Lothian Pension Fund

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 17.3% during the year (2015 - 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 2014, with the next formal valuation due as at 31 March 2017.

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.

### **Social Housing Pension Scheme Defined Contribution (SHPS DC)**

The contributions rates of the members and of the Association are set out below:-

<b>Dates</b>	<b>Percentage of pensionable pay</b>
April 2014 - Sept 2017	2% Employer & 1% Employee
October 2017 - Sept 2018	3% Employer & 2% Employee
October 2018 onwards	4% Employer & 4% Employee

### **Lothian Pension Fund Employee Benefit Obligations**

The company expects to contribute £314k to its defined benefit pension plans in 2017.

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Equities	11,654	11,452
Bonds	3,363	2,822
Property	1,506	1,328
Cash	1,088	996
	<u>17,611</u>	<u>16,598</u>

Principal actuarial assumptions at 31st March 2016 (expressed as weighted averages):

	<b>2016</b>	<b>2015</b>
Inflation/Pension Increase Rate	2.2%	2.4%
Future salary increases	4.2%	4.3%
Discount rate at 31 March	3.5%	3.2%
Expected Return on Assets	4.9%	3.2%

**Changes in the fair value of plan assets, defined benefit obligation and net liability**

	Assets £'000	Obligations £'000	Year ended 31 March 2016 Net liability £'000	Year ended 31 March 2015 Net liability £'000
Fair value of employer assets	16,598	-	16,598	13,948
Present value of funded liabilities	-	(19,862)	(19,862)	(15,791)
<b>Opening Position as at 31 March 2015</b>	<b>16,598</b>	<b>(19,862)</b>	<b>(3,264)</b>	<b>(1,843)</b>
Service cost				
Current service cost	-	(594)	(594)	(610)
Past service cost (including curtailments)	-	(2)	(2)	-
<b>Total Service Cost</b>	<b>-</b>	<b>(596)</b>	<b>(596)</b>	<b>(610)</b>
Net Interest				
Interest income on plan assets	534	-	534	605
Interest cost on defined benefit obligation	-	(643)	(643)	(689)
<b>Total net interest</b>	<b>534</b>	<b>(643)</b>	<b>(109)</b>	<b>(84)</b>
<b>Total defined benefit cost recognised in income and expenditure</b>	<b>534</b>	<b>(1,239)</b>	<b>(705)</b>	<b>(694)</b>
Cashflows				
Plan participants contributions	117	(117)	-	-
Employer contributions	340	-	340	379
Benefits paid	(268)	268	-	-
<b>Expected closing position</b>	<b>17,321</b>	<b>20,950</b>	<b>(3,629)</b>	<b>(2,158)</b>
Re-measurements (actuarial losses)				
Changes in demographic assumptions	-	-	-	(698)
Changes in financial assumptions	-	(2,100)	2,100	(2,295)
Other experience	-	(217)	217	90
Return on assets excluding amounts included in net interest	290	-	290	1,797
<b>Total re-measurements recognised in Other comprehensive income</b>	<b>290</b>	<b>(2,317)</b>	<b>2,607</b>	<b>(1,106)</b>
Fair value of plan assets	17,611	-	17,611	16,598
Present value of funded liabilities	-	18,633	(18,633)	(19,862)
<b>Closing position as at 31 March 2016</b>	<b>17,611</b>	<b>18,633</b>	<b>(1,022)</b>	<b>(3,264)</b>

## 22 RELATED PARTY TRANSACTIONS

There are no related party transactions to be disclosed within the financial statements. There is currently no tenant Board Members.

## 23 CASHFLOW ANALYSIS

### Reconciliation of surplus to net cash inflow from operating activities

	2016	2015
	£'000	Restated £'000
Surplus/(deficit) for the year	304	(23)
<b><i>Adjustment for noncash items</i></b>		
Depreciation of tangible fixed assets	391	379
(Increase)/decrease in valuation of housing properties	(597)	(361)
(Increase)/decrease in trade and other debtors	(76)	(34)
Increase/(Decrease) in trade and other creditors	287	(169)
Increase/(decrease) in provisions	-	-
Pension costs less contributions payable	256	231
<b><i>Adjustments for investing and financing activities</i></b>		
Government grants utilised in the year	-	-
Interest paid	262	243
Interest received	(16)	(14)
Net cash inflow from operating activities	<u>811</u>	<u>252</u>

## 24 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.

The Board of Help in Your Home Ltd has taken the decision to start the process of dissolving the Charity.

## **25 PRIOR YEAR ADJUSTMENTS**

### **Adjustments following the adoption of FRS 102 and Housing SORP 2014:**

#### **25.1. Recognition of grant income**

Previously capital grants were netted off against the cost of housing properties. In line with the Housing SORP 2014 and FRS 102, grant received is now recognised as income in accordance with the performance model. Grants received in advance of the satisfaction of any performance conditions are held within creditors as deferred income. In the Statement of Financial Position, this has resulted in the release of all the capital grants totalling £13,537k from Fixed Assets to Revenue Reserves.

#### **25.2. Fair value of debt with a repayment plan**

In line with the Housing SORP 2014, any debt balances with a payment plan in place at the year-end and are deemed material, have been measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments. For the financial year to 31 March 2016 no debts of this nature were deemed material.

#### **25.3. Holiday pay accrual**

In order to fully comply with requirements of the Housing SORP 2014, a review was undertaken to identify any potential holiday pay entitlement liability at the year end. No adjustment was required for the prior year as this was accounted for in the 2014/15 financial statements.

#### **25.4. Housing properties accounted for at valuation**

Social housing properties have been valued by Jones Lang LaSalle Limited, an independent professional adviser qualified by the royal Institution of Chartered Surveyors (RICS) to undertake valuations. This valuation was prepared in accordance with the appraisal and valuation manual of the RICS at 31 March 2016 on an Existing Use Valuation for Social Housing (EUV-SH). A discount rate of 5.75% to 6.5% (2015: 5.75% to 6.5%). The valuation assumes a rental income increase of RPI+0.5% up to year 4 and RPI+1.0% from year 5 in line with the Association's 30yr Business Plan 2016/17. The capital investment made in housing properties each year may not translate directly into an increase in the value of the assets by virtue of the nature of the EUV-SH valuation methodology.

## 25.5 Reconciliation of reserves

Adjustments to previously reported reserves at the date of transition were as follows:

	<b>£'000</b>
<b>Reserves at 1 April 2014 under previous financial reporting framework</b>	3,333
Release of grant	13,538
Designated reserves to 'Free' reserves	156
Revaluation 2014	(6,862)
<b>Reserves at 1 April 2014 under FRS 102/SORP 2014</b>	<u>10,165</u>

Adjustments to previously reported reserves at the end of the comparative period were as follows:

	<b>£'000</b>
<b>Reserves at 31 March 2015 under previous financial reporting framework</b>	3,342
Release of grant	13,538
Designated reserves to 'Free' reserves	156
Revaluation 2014	(6,862)
Adjustment to deficit including pension scheme adjustment	(364)
Adjustment to actuarial loss on pension scheme	254
Movement in revaluation reserve 2015	361
Movement of designated reserves to 'Free' reserves	31
<b>Reserves at 31 March 2015 under FRS 102/SORP 2014</b>	<u>10,456</u>

## Reconciliation of comparative period comprehensive income

Adjustments to previously reported comprehensive income in the comparative period were as follows:

	<b>£'000</b>
<b>Comprehensive income for the period ended 31 March 2015</b>	(3,223)
Increase in depreciation charge	(110)
Increase in revaluation reserve	361
<b>Comprehensive income for the period ended 31 March 2015 under FRS 102/SORP 2014</b>	<u>(2,972)</u>

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Barony is the trading name of Barony Housing Association Ltd, a registered Scottish charity (SCO16030) registered with the Scottish Housing Regulator (HEP69) and also under the Co-operative and Community Benefit Societies Act 2014 No. 1684RS