



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.

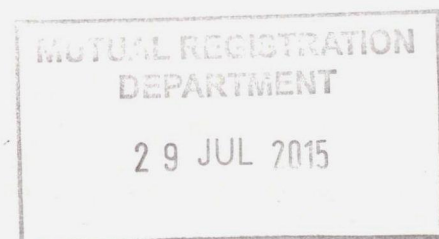
Please keep a copy of the form and supporting documents for future reference.

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





Mutual Societies Annual Return Form (AR30)

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

Filling in the form

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

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

2 If you are filling in the form by hand:

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

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

4 If you:

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

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

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

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

mutualsannrts@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	5
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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	CHIEF EXECUTIVE

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	ASSOCIATE OF HOUSEMARK AND A TEMP ASSOCIATE FOR CIHS
HUGH CARR	7 CARBERRY CLOSE INVERESK MUSSELBURGH EH21 8PP	1962	DIRECTOR OF FINANCE, DUMFRIES & GALLOWAY HOUSING 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, following the instructions provided in section 5 above

Please indicate how many separate sheets of paper you have used

1

16 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
LINDSEY MCNEILL	42 NICOL ROAD BROXBURN WEST LOTHIAN EH52 6JJ	1978	DIRECTOR OF GOVERNANCE AND ASSURANCE SCOTTISH POLICE AUTHORITY

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

SC016030

- 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?

--

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

--

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?

Investment in people awarding a 1% pay increase on salaries

Investment in property upgrading heating systems in 25 properties and major refurbishment to two shared supported accommodation properties

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

0

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	56
B	Members ceased during year	1
C	Members admitted during year	2
D	Members at end of year	57
E	Turnover for year	6,510,000
F	Total of income and expenditure (receipts and payments added together)	13,065,000
G	Net surplus/(deficit) for year	(21,000)
H	Fixed assets	6,566,000
I	Current assets	2,846,000
J	Total assets (equal to amount in row O, below)	9,412,000
K	Current liabilities	1,392,000
L	Share capital	0
M	Long-term liabilities	7,755,000
N	Reserves	265,000
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	9,412,000
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

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 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	4	/	0	9	/	2	0	1	5
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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	28/07/2015



**Inland Revenue
Claims (Scotland)**

Trinity Park House
South Trinity Road
Edinburgh EH5 3SD
Telephone 031-552 6255
ext 2127

11 NOV 92

Barony Housing Assoc Ltd
53 George IV Bridge
Edinburgh
EH1 1EJ

Your reference

My reference

Date

SC016030

10/11/92

BARONY HOUSING ASSOC LTD

Section 1(1) of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990 enables the Inland Revenue to disclose to the public the name and last known address of any Scottish Charity.

You are asked to note that:-

- The reference quoted above is the "Scottish Charity Number" for this charity. It shows that it has been recognised by the Inland Revenue as a charity for tax purposes.
- When writing to this office on tax matters, such as claiming repayment of tax, you should continue to use the existing tax reference (which begins with ED or CR).
- Prior approval should be sought from this office if it is intended to make any changes to the establishing documents of the charity.
- You should notify this office of any change to the charity's address for correspondence so that the index can be updated.

A leaflet issued by The Lord Advocate is enclosed. It explains the provisions of the Law Reform (Miscellaneous Provisions) (Scotland) Act 1990 insofar as it relates to Scottish Charities.

Yours faithfully

J Duguid
Assistant Controller



Helping you live at home

**FINANCIAL STATEMENTS
2014/2015**

BARONY HOUSING ASSOCIATION LTD

Members, Executive and Advisers

Board of Management

Martin Kelso (Convenor)
Catherine Lowe (Vice Convenor)
Hugh Carr
Iris McMillan
Donald Martin
Amanda Miller
Simon Guest
Lindsey McNeill
George Hotchkiss
Ray de Souza (retired 4 August 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 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

BARONY HOUSING ASSOCIATION LTD

Report of the Board of Management for the year ended 31 March 2015

The Board of Management presents its report and audited financial statements for the year ended 31 March 2015

Structure, Governance & Management

Governing Document

Barony Housing Association Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014 and was founded in 1971. Barony is a Scottish Charity and a Registered Social Landlord.

Recruitment and Appointment of Board of Management

Due to 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 a Registered Social Landlord (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 2015 (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. 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.

BARONY HOUSING ASSOCIATION LTD
Report of the Board of Management for the year ended 31 March 2015 (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

Barony has continued throughout the year, to respond to the challenges from the introduction of Welfare Reform and the opportunities arising from the implementation of the Social Care (Self Directed Support) (Scotland) Act 2013, which came into effect on the 1st April 2014.

During 2014/15 Barony's Board took the decision to end our talks with Riverside but the Board remain committed to seeking the right constitutional partnership to help Barony thrive and grow going forward.

2014/15 has again been a busy year for Barony during which our achievements have included

- Successful completion of major refurbishment at two of our Edinburgh supported accommodation services with service users now moved back in and enjoying their upgraded homes
- Successful completion of heating system upgrades in 27 properties from electric to gas with positive feedback from tenants
- Continuing to provide a successful welfare benefits advice service for tenants, working in partnership with Link Housing Association
- Last year we introduced a new Tenancy Sustainment service which has proved to be highly effective in assisting Barony tenants 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 2015 (cont'd)

- In 2014 we produced our first tenant report on the Charter with valuable input from Barony tenants
- 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
- Successful involvement in tendering for care services, achieving a position on the West Lothian Framework and retaining our existing work
- Implementation of our new auto enrolment pension scheme
- Established a staff association with representatives from all areas of Barony's business, enabling improved consultation and involvement of all staff

Financial Review

Results for the period

This year we report an operating deficit including the pension scheme adjustment of £45k (2013/14 surplus £129k) Excluding adjustments attributable to the pension scheme the operating surplus for the year was £186k (2013/14 £183k)

There was a slight increase in turnover from £6,465k in 2013/14 to £6,510k with the underlying operating costs before the pension adjustment remaining in line with the previous year at £6,324k

In terms of the FRS17 actuarial valuation, a further deficit of £1,421k has arisen within the pension scheme to give a total pension liability of £3,264k on the balance sheet (2013/14 deficit £1,843k)

Interest receivable of £183k has arisen from investments in short-term cash deposits of £14k and £169k as a result of the pension adjustment (2013/14 £123k)

Interest payable on the Association's loans increased to £159k (2013/14 £147k) as a result of a full year with the final outstanding drawdown on the loan facilities

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.

BARONY HOUSING ASSOCIATION LTD

Report of the Board of Management for the year ended 31 March 2015 (cont'd)

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

As at 31 March 2015 the reserves value was £3,529k before the FRS17 recognition of the net pension liability (£3,264k) to leave a net value of £265k

Statement of Board of Management's Responsibilities

The Board of Management is responsible for preparing the report and financial statements in accordance with applicable law and regulations

The Co-operative and Community Benefit Societies Act 2014 and 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 and the Statement of Recommended Practice 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 Control

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 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 2012.

BARONY HOUSING ASSOCIATION LTD

Report of the Board of Management for the year ended 31 March 2015 (cont'd)

Statement of Board of Management Responsibilities (cont'd)

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

23 July, 2015

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 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
23 July, 2015

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 2015 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 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 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.

BARONY HOUSING ASSOCIATION LTD

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

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 2015 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 (April 2012)

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

27 July 2015

BARONY HOUSING ASSOCIATION LTD

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 8 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 8 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
Chartered Accountants and Statutory Auditors
61 Dublin Street
Edinburgh
EH3 6NL

27 July 2015

BARONY HOUSING ASSOCIATION LTD

Income and Expenditure Account for the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Turnover	2	6,510	6,465
Less Operating costs	2	<u>(6,555)</u>	<u>(6,336)</u>
Operating (deficit)/surplus	8	(45)	129
Surplus on sale of fixed assets		-	1,030
Interest receivable	10	183	123
Interest payable	11	<u>(159)</u>	<u>(147)</u>
(Deficit)/Surplus for the year		(21)	1,135
Movements in pension scheme	21	62	(64)
Surplus for the year excluding pension scheme adjustments		<u>41</u>	<u>1,071</u>

Statement of Total Recognised Surpluses and Deficits

		2015 £'000	2014 £'000
Surplus for the year excluding pension scheme adjustments		41	1,071
Movements in pension scheme		<u>(62)</u>	<u>64</u>
(Deficit)/Surplus for the year	21	(21)	1,135
Pension scheme actuarial (loss)	21	<u>(3,202)</u>	<u>(1,907)</u>
Total recognised (deficit)		<u>(3,223)</u>	<u>(772)</u>

All activities are continuing

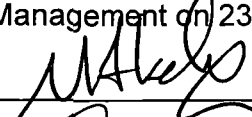
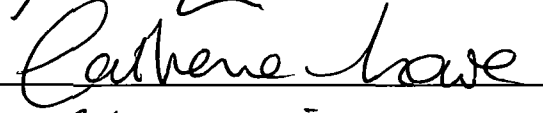
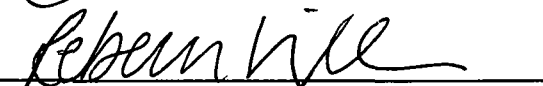
The Notes on pages 16 to 34 form part of these financial statements

BARONY HOUSING ASSOCIATION LTD

Balance Sheet as at 31 March 2015

	Notes	2015 £'000	2014 £'000
Tangible Fixed Assets			
Housing Properties – depreciated cost		19,513	19,502
Less Grants		(13,481)	(13,447)
	13	8,032	6,055
Other Fixed Assets	14	534	566
		6,566	6,621
Fixed Asset Investments	26	-	-
		6,566	6,621
Current Assets			
Debtors	15	401	367
Cash at Bank and in hand		2,445	2,685
		2,846	3,052
Creditors – Amounts falling due within one year	17	(1,392)	(1,530)
		(1,392)	(1,530)
Net Current Assets		1,454	1,522
Total Assets less current liabilities		8,020	8,143
Creditors – Amounts falling due after more than one year	18	(4,491)	(4,654)
Net assets before Pension Liability		3,529	3,489
Pension Liability	25	(3,264)	(1,843)
Net Assets		265	1,646
Share Capital	19	-	-
Designated Reserves	20	187	156
Revenue Reserves	21	3,342	3,333
Pension Reserves	25	(3,264)	(1,843)
		265	1,646

The financial statements on pages 11 to 34 were approved by the Board of Management on 23 July, 2015 and were signed on its behalf by

MARTIN KELSO
Convenor

CATHERINE LOWE
Vice Convenor

REBECCA WILSON
Chief Executive Officer/Secretary

The notes on pages 16 to 34 form part of these financial statements

BARONY HOUSING ASSOCIATION LTD

Cash Flow Statement for the year ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Net Cash Inflow from Operating Activities	(i)	252	699
Returns on Investments and Servicing of Finance			
Interest received		14	5
Interest paid		<u>(159)</u>	<u>(147)</u>
Net cash outflow from returns on investments and servicing of finance		(145)	(142)
Capital Expenditure and Financial Investment			
Proceeds from sale of fixed assets		-	1,229
Payments to acquire tangible fixed assets		(214)	(747)
Net cash (outflow)/inflow from capital expenditure		<u>(214)</u>	<u>482</u>
Net cash inflow before use of liquid resources and financing		(107)	1,039
Financing			
Mortgage drawdown		-	700
Mortgage repayments		<u>(133)</u>	<u>(124)</u>
Net cash (outflow)/inflow from financing		<u>(133)</u>	<u>576</u>
(Decrease)/Increase in cash	(ii)	<u><u>(240)</u></u>	<u><u>1,615</u></u>

The Notes on page 15 form part of the cash flow statement

BARONY HOUSING ASSOCIATION LTD

Notes to the Cash Flow Statement for the year ended 31 March 2015

	2015 £'000	2014 £'000
(i) Reconciliation of operating (deficit)/surplus to net cash inflow from operating activities		
Operating (deficit)/surplus	(45)	129
Depreciation	269	266
(Increase)/Decrease in debtors	(34)	38
(Decrease)/Increase in creditors	(169)	212
Pensions adjustment for wages and salaries	231	54
Net cash inflow from operating activities	<u>252</u>	<u>699</u>

	2015 £'000	2014 £'000
(ii) Reconciliation of net cash flow to movement in net debt		
(Decrease)/increase in cash in the year	(240)	1,615
Loans repaid	133	124
Loans drawn down	-	(700)
Change in net debt	(107)	1,039
Net debt at 1 April 2014	<u>(2,119)</u>	<u>(3,158)</u>
Net debt at 31 March 2015	<u>(2,226)</u>	<u>(2,119)</u>

(iii) Analysis of changes in net debt

	At 1 April 2014	Cash Flows	Changes	At 31 March 2015
Cash at bank and in hand	2,685	(240)	-	2,445
Debt due within one year	(149)	133	(164)	(180)
Debt due out-with one year	(4,655)	-	164	(4,491)
	<u>(2,119)</u>	<u>(107)</u>	<u>-</u>	<u>(2,226)</u>

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015

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 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.

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 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.

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015 (cont'd)

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.

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 comprises 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.

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015 (cont'd)

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
- (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

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015 (cont'd)

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.

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 2015 (cont'd)

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

	Turnover	Operating Costs	Operating Surplus	2014
	£'000	£'000	£'000	£'000
Social Lettings	2,272	1,987	285	271
Other Activities	4,238	4,568	(330)	(142)
Total	<u>6,510</u>	<u>6,555</u>	<u>(45)</u>	<u>129</u>
Total for previous period of account	<u>6,465</u>	<u>(6,336)</u>	<u>129</u>	

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015 (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 2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Rent Receivable	1,169	527	-	49	1,745	1,672
Service Charges	14	545	-	16	575	541
Gross income from rents and service charges	1,183	1,072	-	65	2,320	2,213
Less Voids	(10)	(38)	-	-	(48)	(26)
Net income from rents and service charges	1,173	1,034	-	65	2,272	2,187
Other revenue grants	-	-	-	-	-	-
Total Turnover from Social Letting Activities	1,173	1,034	-	65	2,272	2,187
Management and maintenance administration costs	528	170	-	8	706	761
Service costs	11	513	-	17	541	507
Planned and cyclical maintenance including major repair costs	146	111	-	6	263	236
Reactive maintenance costs	163	60	-	6	229	211
Bad debts – rents and service charges	8	7	-	(2)	13	(1)
Depreciation of social housing	187	46	-	2	235	202
Impairment of social housing	-	-	-	-	-	-
Operating costs for Social Letting Activities	1,043	907	-	37	1,987	1,916
Operating Surplus for Social Lettings	130	127	-	28	285	271
Operating Surplus for Social Letting for previous period of account	126	123	-	22	271	

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. Operating costs include £12k FRS17 Pension Adjustment (2014: £4k).

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015 (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	2014 £'000
Development and construction of property activities	-	-	-	-	-	-	-	-	-
Registered Care	-	-	-	215	215	-	(252)	(37)	(21)
Housing support	-	2,424	1,056	96	3,576	-	(3,815)	(239)	(98)
Day Care	-	447	-	-	447	-	(501)	(54)	(23)
Other activities	-	-	-	-	-	-	-	-	-
Total from other activities	-	2,871	1,056	311	4,238	-	(4,568)	(330)	(142)
Total from other activities for the previous period of account	-	2,824	1,113	341	4,278		(4,420)	(142)	-

There are no Other Activities in addition to the ones listed above *Operating costs include £219k FRS17 Pension Adjustment (2014 £50k)

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015 (cont'd)

5 UNITS LET DURING THE YEAR

	Registered	Supported	Leased	Main-stream	Total
As at 1 April 2014	8	105	20	254	387
Additions in the year	-	-	-	-	-
Disposals in the year	-	(5)	-	-	(5)
Transfers in the year	-	(5)	-	5	-
As at 31 March 2015	<u>8</u>	<u>95</u>	<u>20</u>	<u>259</u>	<u>382</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 2014	-	22	-	-	22
Additions in the year	-	-	-	-	-
Disposals in the year	-	(5)	-	-	(5)
As at 31 March 2015	<u>-</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>17</u>

6 DIRECTORS EMOLUMENTS

	2015 No.	2014 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>
	2015 £'000	2014 £'000
The emoluments (excluding pension contributions) of the Chief Executive Officer amounted to	<u>63</u>	<u>63</u>

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 £619 (2014 £645).

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015 (cont'd)

	2015 No.	2014 No.
7 EMPLOYEE INFORMATION		
The average monthly number of persons employed during the year was	<u>227</u>	<u>219</u>
The average monthly number of employees expressed in full time equivalents	<u>165</u>	<u>164</u>
	2015 £'000	2014 £'000
Staff costs (including Directors' emoluments)		
Wages and salaries	3,672	3,754
Social Security costs	239	251
Pension costs - normal contributions	396	391
- FRS17 adjustment	231	54
	<u>4,538</u>	<u>4,450</u>

In addition to the above staff costs the Association also incurred agency staff costs of £145k during the year (2014 £110k)

8 OPERATING SURPLUS	2015 £'000	2014 £'000
Operating surplus is stated after charging		
Depreciation (Properties)	260	228
Depreciation (Office equipment)	9	38
Auditors' remuneration audit services	<u>10</u>	<u>11</u>

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015 (cont'd)

9 OPERATING LEASE COMMITMENTS

	2015 Land/ Buildings £'000	2015 Equip- ment £'000	2015 Total £'000	2014 Total £'000
Annual Commitment expiring in				
Less than 1 year	42	10	52	68
Between 1 and 2 years	31	1	32	32
Between 2 and 5 years	-	-	-	1
After 5 years	144	1	145	144
	217	12	229	245

10 INTEREST RECEIVABLE

	2015 £'000	2014 £'000
Interest receivable on bank deposits	14	5
Defined benefit pension scheme assets – interest cost	(689)	(572)
Expected return on employer assets	858	690
Net Return	183	123

11 INTEREST PAYABLE

	2015 £'000	2014 £'000
Loan interest	159	147

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 2015 (cont'd)

13 TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

		2015 Held for Letting £'000
Cost	At 1 April	21,012
	Additions	246
	Disposals	(60)
	At 31 March	<u>21,198</u>
Depreciation	At 1 April	1,510
	Charge during year	215
	Disposals	(40)
	At 31 March	<u>1,685</u>
Depreciated Cost	At 31 March	<u>19,513</u>
Less	Housing Association Grant:	
	At 1 April	12,235
	Disposals	-
	At 31 March	<u>12,235</u>
	Other Government Capital Grants	
	At 1 April	1,212
	Additions	34
	At 31 March	<u>1,246</u>
NET BOOK VALUE AT 31 MARCH 2015		<u>6,032</u>
NET BOOK VALUE AT 31 MARCH 2014		<u>6,055</u>

The net book value of components which have been replaced in the year of £20k is included in the depreciation charge of £260k in note 8

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015 (cont'd)

14 TANGIBLE FIXED ASSETS – OTHER FIXED ASSETS

	Leasehold Improvements £'000	Land & Buildings £'000	Office Equip- ment £'000	2015 Total £'000
Cost At 1 April	178	580	242	1,000
Additions during Year	-	-	2	2
At 31 March	178	580	244	1,002
Depreciation At 1 April	65	141	228	434
Charge during Year	14	11	9	34
At 31 March	79	152	237	468
NET BOOK VALUE AT 31 MARCH 2015	99	428	7	534
NET BOOK VALUE AT 31 MARCH 2014	113	439	14	566

The book value of Land & Buildings is shown net of capital grants of £57k (2014 £57k) received from the then Scottish Education Department

15 DEBTORS	2015 £'000	2014 £'000
Amounts falling due within one year.		
Arrears of rent and service charge	76	73
Less provision for bad debts	(38)	(39)
	38	34
Loans to tenants / Contact Point users	-	1
Other debtors	363	332
	401	367

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015 (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 £15,533 (2014: £13,270) for 7 tenants (2014: 6). These funds are not included in the financial statements.

17 CREDITORS DUE WITHIN ONE YEAR	2015 £'000	2014 £'000
Prepayments of rent and service charge	68	44
Housing loans (see note 18)	180	149
Other taxes and social security costs	66	68
Deferred income	31	17
Other creditors	1,047	1,252
	<u>1,392</u>	<u>1,530</u>

18 CREDITORS DUE OUTWITH ONE YEAR	2015 £'000	2014 £'000
Housing Loans	<u>4,491</u>	<u>4,654</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 31/3/15) due as follows	2015 £'000	2014 £'000
Within one year	180	149
Between one and two years	180	169
Between two and five years	565	498
In five years or more	3,746	3,987
	<u>4,671</u>	<u>4,803</u>

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015 (cont'd)

19 SHARE CAPITAL	2015 £	2014 £
Shares of £1 each fully paid and issued	56	56
Issued during year	2	1
Redeemed during year	<u>(1)</u>	<u>(1)</u>
	<u>57</u>	<u>56</u>

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.

20 DESIGNATED RESERVES

	Furnishings 2015 £'000	Furnishings 2014 £'000
At 1 April 2014	156	119
Transfer from Revenue Reserves	88	83
Transfers to Revenue Reserves	<u>(57)</u>	<u>(46)</u>
At 31 March 2015	<u>187</u>	<u>156</u>

21 REVENUE RESERVES

	2015 £'000	2014 £'000
At 1 April 2014	3,333	2,299
(Deficit)/Surplus including pension scheme adjustment	(21)	1,135
Actuarial (loss) on pension scheme	(3,203)	(1,907)
Transfer from Pension Reserves	3,264	1,843
Transfer to Designated Reserves	(88)	(83)
Transfer from Designated Reserves	<u>57</u>	<u>46</u>
At 31 March 2015	<u>3,342</u>	<u>3,333</u>

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015 (cont'd)

22 CAPITAL COMMITMENTS

Capital commitments at 31 March, 2015 were £nil (including VAT) relating to heating installations at Ennis Court (2014: £161,453)

23 RELATED PARTIES

None

24 CONTINGENT LIABILITIES

Contingent Liabilities at 31 March 2015 were £nil (2014 - £nil)

25 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 £396k - Lothian Pension Fund £376k, Pension Trust SHPS DC £20k (2014 – Lothian Pension Fund £391k) At 31 March 2015 the Association had pension contributions outstanding amounting to £43k (2014 - £45k)

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 1st 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 16.8% plus £11,200 during the year (2014 – 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.

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015 (cont'd)

Pension Commitments (continued)

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.

SHPS DC

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

Dates	Percentage of pensionable pay
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 amounts relating to the assets and liabilities of the scheme are as follows

Reconciliation of fair value of Employer assets	2015 £'000	2014 £'000
Fair value of plan assets	16,598	13,948
Present value of funded obligations	(19,862)	(15,791)
Net underfunding in Funded Plans	(3,264)	(1,843)
Amounts in balance sheet		
Liabilities	(3,264)	(1,843)
Assets	-	-
Net Asset	(3,264)	(1,843)

The assumptions underlying the FRS 17 funding position calculation has produced a pension deficit in respect of Barony Housing Association of (£3,264k) (2014 deficit of (£1,843k))

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 2015 (cont'd)

Pension Commitments (continued)

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

	2015 £'000	2014 £'000
Current service cost	610	454
Interest cost	689	572
Expected return on plan assets	(858)	(690)
Losses on curtailments and settlements	-	-
Total	<u>441</u>	<u>336</u>
Actual return on plan assets	2,417	777

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

	2015 £'000	2014 £'000
Opening defined benefit obligation	15,791	12,532
Current service cost	610	454
Interest cost	689	572
Contributions from members	131	138
Actuarial losses/(gains)	2,903	2,326
Losses on curtailments	-	-
Estimated benefits paid	(262)	(231)
Closing defined benefit obligation	<u>19,862</u>	<u>15,791</u>

Changes in the fair value of plan assets are as follows

	2015 £'000	2014 £'000
Opening fair value of plan assets	13,948	12,863
Expected return	858	690
Contributions by members	131	138
Contributions by employer	379	400
Actuarial gains	1,544	88
Benefits paid	(262)	(231)
Closing fair value of plan assets	<u>16,598</u>	<u>13,948</u>

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015 (cont'd)

Pension Commitments (continued)

The company expects to contribute £365k to its defined benefit pension plans in 2015

	2015 £'000	2014 £'000
Equities	11,452	10,740
Bonds	2,822	1,255
Property	1,328	1,116
Cash	996	837
	<u>16,598</u>	<u>13,948</u>

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

	2015 %	2014 %
Inflation/Pension Increase Rate	2.4%	2.9%
Future salary increases	4.3%	5.2%
Discount rate at 31 March	3.2%	4.3%
Expected Return on Assets	3.2%	6.1%

Defined benefit pension plans	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Fair Value of Employer Assets	16,598	13,948	12,863	10,944	11,103
Present Value of Defined benefit obligation	(19,862)	(15,791)	(12,532)	(10,363)	(9,977)
(Deficit)/ Surplus	(3,264)	(1,843)	331	581	1,126
Experience adjustments on plan Assets	1,544	88	1,081	(1,246)	(187)
Experience adjustments on plan Liabilities	90	6	16	712	-

BARONY HOUSING ASSOCIATION LTD

Notes to the Financial Statements for the year ended 31 March 2015 (cont'd)

Pension Commitments (continued)

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

Defined benefit pension plans	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Actuarial gains and losses	(1,359)	(2,238)	(434)	(850)	1,497
Other amounts recognised in the STRSD	-	-	-	-	-
Actuarial (losses)/ gains recognised in STRSD	(3,202)	(1,907)	(184)	(340)	371
Cumulative actuarial gains and losses	(8,706)	(4,145)	(618)	(1,190)	1,868

26 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.

BARONY HOUSING ASSOCIATION LTD

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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