

**ELDONIAN COMMUNITY BASED
HOUSING ASSOCIATION LIMITED**

FINANCIAL STATEMENTS

For the year ended 31 March 2016

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Financial Statements For the year ended 31 March 2016

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ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Report of the Board of Management For the year ended 31 March 2016

1. The Board of Management of Eldonian Community Based Housing Association Limited present their report and audited financial statements for the year ended 31 March 2016.

2. Principal activities

The Association's principal activities are the development and management of social housing.

3. Financial result

The Association generated a surplus for the year of £597,207 (2015: £525,909).

4. Board Members

The Board is elected annually at the Annual General Meeting. Board Members who held office during the year were:

Mr A McGann MBE - Chairman	Mrs E Naumets	Ms Y Naumets
Mrs L Burke	Mrs R Harrison (resigned 30/09/15)	Fr M De Felice
Mr J Cummins	Mr J Livingston	Mrs M Patten
Mrs L Grimes	Ms E O'Brien (resigned 30/09/15)	Mr M Burke (resigned 28/05/15)
Dr T Harvey	Ms R Rew	Mr D Creed (resigned 30/09/15)

5. Environmental, Health and Safety

The Association seeks to comply with all Health and Safety Regulations and regularly liaises with the Development and Environment Services Directorate.

6. Financial risk management objectives and policies

The Association uses conventional forms of working capital to finance its day to day activities and as such the figures appearing in the financial statements reflect the absolute value of amounts recoverable and payable. The Board of Management receive regular reports on these figures in order to manage the Association's requirements.

7. Insurance

The Association insures against risk in relation to the Association and against directors and officers liability.

8. Value for money

In accordance with the VFM Standard effective from April 2012 the Association have developed and delivered a clear strategy to drive value for money improvements. The Association have demonstrated savings, both large and small, throughout the year and will ensure the savings continue.

A full value for money statement is available on the Association's website.

9. Development

There was an ongoing programme of replacing components, in particular windows and external doors.

The stock conditions survey is being continually reviewed to identify work which will be required in the near future.

10. Employment policies

The Association is an equal opportunities employer.

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Report of the Management Committee For the year ended 31 March 2016

11. Corporate information

Eldonian Community Based Housing Association Limited is a Social Housing Provider registered as a Registered Society with the Financial Conduct Authority (Registration Number 24822R).

The Association is registered with the Homes & Communities Agency under the Housing & Regeneration Act 2008 (Registration Number C3609) and is also a member of the National Housing Federation.

The Association's registered office is at The Tony McGann Centre, Burlington Street, Eldonian Village, Liverpool, Merseyside, L3 6LG.

The Association has registered "Eldonian" as a trade mark under registered number 2513504.

12. Internal controls

The Board is ultimately responsible for the Association's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms there is an ongoing process for identifying, evaluating, and managing the significant risks faced by the Association, that has been in place for the year under review and up to the date of approval of the annual report and financial statements, and that this process is regularly reviewed by the Board.

The Board has reviewed the effectiveness of the system of internal control. In particular, it has reviewed and updated the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed.

Management are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal or external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements.

A control self-assessment and hierarchical reporting has been established which provides for a documented and auditable trail of accountability. These procedures are relevant across all operations and provide for successive assurances to be given at increasingly higher levels of management and finally to the Board.

Management report regularly on their review of risk and how they are managed to both the operational committees and the Finance Sub-Committee. The Board reviews assurance procedures, ensuring that an appropriate mix of techniques is used to obtain the level of assurance required by the Board.

The Chief Executive Officer also reports to the Board on behalf of the Management Team on significant changes in the business and the external environment which affect significant risks. The Head of Finance & IT provides the Board with regular financial information which includes key performance and risk indicators. Where areas for improvement in the system are identified, the Board considered the recommendations made by the operating committees and the Finance Sub-Committee.

13. Governance and financial viability

The Board of Management has reviewed its compliance with the Governance and Financial Viability Standard and confirm that it complies with the requirements of the standard for the year, except as indicated in point 15.

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Report of the Management Committee For the year ended 31 March 2016

14. Statement of Board of Management's responsibilities in relation to the Association's financial statements

The Board of Management is legally required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for the period then ended.

In preparing these financial statements, the Board of Management is required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- 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 the going concern basis unless it is inappropriate to presume that the Association will continue its operations.

The Board of Management is also responsible for:

- keeping proper accounting records;
- safeguarding the Association's assets and;
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

15. Corporate governance

The Board upholds the principles of good governance and this year the it has undertaken a thorough review of its performance against the NHF code of Governance. It is satisfied that it meets with the majority of the Code however it has identified one area which it is unable to comply with. The NHF Code of Governance includes maximum terms of service for Board Members. The Associations rules do not mirror these constraints and it does have members that exceed the suggested term. It must be remembered that the Eldonian CBHA were originally set up as a fully mutual co-operative, however the wider aims of the organisation meant that it changed its rules in October 1990 to become the first Community Based Housing Association in England. This change was overseen and approved by the then governing body the Housing Corporation and a set of rules were agreed which would see the organisation retain control by its tenants whilst allowing them to take on a wider role within the community. To this end the rules state that at least two thirds of the Board must be tenants. The rules also dictate how members can become Board Members and this is through nomination and election to office by their peer group at the AGM. Each member is elected for a term of 3 years and there is no maximum term of office as long as they are re-elected at the end of each term.

Currently five Board members have served more than 9 years on the Board. One of these is the Chair who has served as Chair of the CBHA since 1990 and prior to that was Chair of the Co-operative. The Chair has particular skills in community and partnership working, he is involved in many of the external activities of the association. He is instrumental in developing the association's reputation with the Local Authority and the local MP and this has resulted in the association playing key roles in developing new partnerships. The time spent by the Chair on this activity goes far and beyond the normal expectations of members. The Vice Chair has also served on the Board for more than 9 years, he is one of the 3 none tenant members and is a partner and Director of Training and Risk Management for a local firm of solicitors. His specialist areas are Corporate Governance, Legal Ethics and Risk Management and he lectures on these topics at Liverpool John Moores University.

Board are taking steps to consider succession arrangements for the Chair and Vice Chair whilst at the same time ensuring the best interests of the business are met. Board are also looking at voluntary compliance of the 9 year rule as 3 of the Board who have served over 9 year are due to step down after serving their current term of office in 2017.

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Report of the Management Committee For the year ended 31 March 2016

16. Auditors

Mitchell Charlesworth LLP are willing to continue in office as auditors and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

17. Statement of disclosure of information to auditors

In so far as the Board of Management is aware:

- there is no relevant audit information of which the Association's auditor is unaware, and;
- the management committee has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditor is aware of that information.

18. Statement of compliance

The Board of Management confirm that this report has been prepared in accordance with the principles set out in Paragraph 4.7 of the 2014 SORP for Registered Social Housing Providers.

BY ORDER OF THE BOARD OF MANAGEMENT

.....
SECRETARY

..... **28 September 2016**

DATE

Mitchell Charlesworth LLP

Chartered Accountants

5 Temple Square Temple Street Liverpool L2 5RH

Independent Auditors' Report to the Members of

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Eldonian Community Based Housing Association Limited for the year ended 31 March 2016 and the related notes which are set out on pages 8 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 87 of 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, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Management and the auditor

As explained more fully in the Statement of Board of Management's Responsibilities set out on page 4, the Board of Management is responsible for the preparation of the 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 Financial Reporting Councils (FRC'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 of Management; 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2015.

Mitchell Charlesworth LLP

Chartered Accountants
5 Temple Square Temple Street Liverpool L2 5RH

Independent Auditors' Report to the Members of

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

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 require us to report to you if, in our opinion:

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

MITCHELL CHARLESWORTH LLP
Statutory Auditor

29 September 2016

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Statement of Comprehensive Income For the year ended 31 March 2016

	Notes	2016 £	Restated 2015 £
Turnover	2	2,003,143	2,190,954
Operating expenditure	2	<u>(1,170,182)</u>	<u>(1,515,551)</u>
Operating surplus		832,961	675,403
Interest receivable	5	6,752	6,469
Interest and financing costs	6	<u>(151,156)</u>	<u>(143,656)</u>
Surplus before tax	7	688,557	538,216
Taxation	8	<u>(1,350)</u>	<u>(1,307)</u>
Surplus for the year		687,207	536,909
Actuarial (loss)/gain in respect of pension schemes		<u>(90,000)</u>	<u>(11,000)</u>
Total comprehensive income for the year		<u><u>597,207</u></u>	<u><u>525,909</u></u>

The financial statements on pages 8 to 24 were approved and authorised for issue by the Board of Management on 28 September 2016 and were signed on its behalf by:

..... SECRETARY

..... BOARD MEMBER

..... BOARD MEMBER

The notes on pages 12 to 24 form part of these financial statements

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Statement of Changes in Reserves For the year ended 31 March 2016

	Income & Expenditure Reserve £	Total £
Balance at 1 April 2015	3,293,369	3,293,369
Surplus from statement of comprehensive income	<u>597,207</u>	<u>597,207</u>
Balance at 31 March 2016	<u><u>3,890,576</u></u>	<u><u>3,890,576</u></u>

The notes on pages 12 to 24 form part of these financial statements

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Statement of Financial Position For the year ended 31 March 2016

	Notes	2016		Restated 2015	
Fixed assets		£	£	£	£
Tangible fixed assets	9		17,853,586		17,738,330
Current assets					
Trade and other debtors	10	42,977		57,299	
Investments		1,505,727		1,345,946	
Cash and cash equivalents		215		333	
<u>Less:</u>					
Creditors: amounts falling due within one year	11	1,548,919		1,403,578	
		<u>434,335</u>		<u>496,714</u>	
Net current assets			<u>1,114,584</u>		<u>906,864</u>
Total assets less current liabilities			18,968,170		18,645,194
Creditors: amounts falling due after more than one year	12		<u>15,077,383</u>		<u>15,351,616</u>
Total net assets			<u>3,890,787</u>		<u>3,293,578</u>
Reserves					
Share capital	14		211		209
Income and expenditure reserve			<u>3,890,576</u>		<u>3,293,369</u>
Total reserves			<u>3,890,787</u>		<u>3,293,578</u>

The financial statements on pages 8 to 24 were approved and authorised for issue by the Board of Management on 28 September 2016 and were signed on its behalf by:

..... SECRETARY

..... BOARD MEMBER

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ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Statement of Cash Flows For the year ended 31 March 2016

	2016		2015	
	£	£	£	£
Net cash generated from operating activities (see Note 1)		891,798		774,367
Cash flow from investing activities				
Purchase of tangible fixed assets	(449,167)		(485,100)	
Proceeds from sale of tangible fixed assets	-		179,256	
Shares issued	2			
Interest received	6,752		6,504	
		(442,413)		(299,340)
Cash flow from financing activities				
Shares issued	-		28	
Interest paid	(151,156)		(136,656)	
Repayments of borrowings	(138,566)		(134,442)	
Withdrawal from deposits	(159,781)		(199,187)	
		(449,503)		(470,257)
Net change in cash and cash equivalents		(118)		4,770
Cash and cash equivalents at beginning of year		333		(4,437)
Cash and cash equivalents at end of the year		215		333
Note 1				
Surplus for the year		597,207		525,909
Adjustments for non-cash items:				
Depreciation of tangible fixed assets		299,886		250,190
Decrease/(increase) in trade and other debtors		14,322		7,464
Increase/(decrease) in trade and other creditors		(63,051)		(19,827)
Carrying amount of tangible fixed assets disposals		650		12,975
Loss on components		33,375		77,475
Pension creditor		67,000		(8,000)
Shares cancelled		-		(13)
Adjustments for investing or financing activities:				
Government grants utilised in the year		(201,995)		(201,993)
Interest payable		151,156		136,656
Interest received		(6,752)		(6,469)
		891,798		774,367

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

1. Principal accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UKGAAP), the Statement of Recommended Practice: 'Housing SORP 2014: Statement of Recommended Practice for Social Housing Providers'.

Basis of accounting

The financial statements comply with the Co-operative and Communities Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

The financial statements are prepared on the historical cost basis of accounting and are presented in sterling.

The financial statements have been prepared in compliance with FRS102 as it applies for the first time to the financial statements to 31 March 2016.

Turnover

Turnover represents rental income receivable and grants from local authorities and The Homes & Communities Agency, together with any shared ownership disposal proceeds.

Fixed assets and depreciation

Tangible fixed assets, are stated at cost less accumulated depreciation. Depreciation is charged on a reducing balance basis over the expected useful economic lives of the assets at the following annual rate:

Office properties	-	5%	Motor vehicles	-	25%
Equipment and fixtures	-	10% - 33 1/3%	Storage facilities	-	Over 80 years

A full year's depreciation is charged in the year of purchase but no charge is made in the year of disposal.

Housing properties

Housing properties are stated at cost less depreciation. Major components are treated as separate assets and depreciated over their expected useful economic lives. Depreciation is charged on a straight line basis over the expected useful economic lives of the assets as follows:

Land	-	NIL	Structure	-	80 years
Roofs	-	70 years	Windows/external doors	-	30 years
Boilers/heating	-	15 years	Bathrooms	-	30 years
Kitchen	-	20 years			

Shared Ownership And Shared Equity Properties

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset.

Social Housing Grant (S.H.G.)

Social Housing Grant (SHG) and similar capital grants are amortised over the life of the structure. Provision is made in the balance sheet for recycling of Social Housing Grant where it is likely that properties will be sold in the foreseeable future under Right to Buy regulations.

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

1. Principal accounting policies [Continued]

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax.

Deferred tax assets are recognised only to the extent that the Board consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

Capitalisation of interest

Interest on the mortgage loan financing a development is capitalised up to the date of practical completion of the scheme.

Pension costs

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employee's services. Any difference between the charge to the income and expenditure account and the contributions paid to the scheme is included in creditors in the balance sheet.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets on the company after deducting all of its liabilities.

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

2a. Turnover, cost of sales, operating costs & operating surplus

	2016		
	Turnover	Operating costs	Operating surplus
	£	£	£
Income			
Income & expenditure from social housing lettings	1,969,748	1,160,733	809,015
Other income & expenditure from social housing			
Management services	18,242	8,650	9,592
Other	15,153	799	14,354
Shared ownership sales	-	-	-
	<u>2,003,143</u>	<u>1,170,182</u>	<u>832,961</u>
		Restated	
		2015	
	Turnover	Operating costs	Operating surplus/(deficit)
	£	£	£
Income			
Income & expenditure from social housing lettings	1,960,704	1,301,325	659,379
Other income & expenditure from social housing			
Management services	33,191	16,351	16,840
Other	12,159	-	12,159
Shared ownership sales	184,900	197,875	(12,975)
	<u>2,190,954</u>	<u>1,515,551</u>	<u>675,403</u>

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

2b. Particulars of income & expenditure from social housing lettings	General needs accommodation	
	2016 £	Restated 2015 £
Income		
Rents receivable	1,574,943	1,565,416
Service charges receivable	165,988	169,134
Supporting People Grant	31,637	31,397
	<hr/>	<hr/>
Gross rents receivable	1,772,568	1,765,947
<u>Less:</u> Rent losses from voids	(4,813)	(7,236)
	<hr/>	<hr/>
Amortised Government Grants	201,993	201,993
	<hr/>	<hr/>
Turnover from social housing lettings	1,969,748	1,960,704
	<hr/>	<hr/>
Expenditure		
Services	103,483	143,873
Management	534,838	515,567
Routine maintenance	186,639	248,300
Planned maintenance	28,482	84,188
Rent losses from bad debts	(10,562)	-
Depreciation - housing land and building	289,638	289,787
Loss on disposal of components	28,215	19,610
	<hr/>	<hr/>
Operating expenditure on social housing lettings	1,160,733	1,301,325
	<hr/>	<hr/>
Operating surplus on social housing lettings	809,015	659,379
	<hr/>	<hr/>
Voids	(4,813)	(7,236)
	<hr/>	<hr/>

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

3. Directors' emoluments	2016 £	2015 £
The aggregate emoluments paid to the executive directors and senior executives of the Association was:		
Emoluments (including pension contributions and benefits in kind)	160,233	153,987
Emoluments paid to highest paid senior executives excluding pension contributions:		
Chief Executive	80,667	78,077
Non Executive	NIL	NIL
In addition to the chief executive the number of staff earning between:		
£60k-£70k	1	1
£70k-£75k	-	-
4. Employee information	2016 No	2015 No
The average weekly number of equivalent full-time persons employed during the year was:		
Office staff	5	5
Wardens, caretakers, cleaners and security	6	8
	11	13
Staff costs (for the above persons):	2016 £	2015 £
Wages and salaries	292,992	295,601
Social security costs	24,927	24,273
Pension costs (see note 13)	26,401	25,191
	344,320	345,065
5. Interest receivable	2016 £	2015 £
Bank interest receivable	6,752	6,469

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

6. Interest and financing costs		Restated
	2016	2015
	£	£
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than 5 years	147,156	136,656
Unwinding of discount factor re: pensions	4,000	7,000
	<u>151,156</u>	<u>143,656</u>
	<u><u>151,156</u></u>	<u><u>143,656</u></u>
7. Surplus on ordinary activities before taxation		Restated
	2016	2015
	£	£
Surplus on ordinary activities before taxation is stated after charging:		
Hire costs:		
Minibus	6,234	6,234
Equipment	13,138	2,016
Depreciation:		
Tangible owned fixed assets	299,886	250,190
Loss on disposal of components	33,275	19,610
Auditors remuneration:		
As auditors (excluding VAT)	5,845	5,510
	<u>5,845</u>	<u>5,510</u>
8. Taxation	2016	2015
	£	£
Current tax		
UK corporation tax on surplus for the year at 20% (2015: 20%)	1,350	1,307
	<u>1,350</u>	<u>1,307</u>

The company has been approved under Section 644 Corporation Taxes Act 2010 and is therefore only liable to taxation on its interest received.

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

9. Tangible fixed assets	Housing Properties Under Construction						Total £
	Freehold Housing Properties £	General Needs £	Shared Ownership £	Long Leasehold Office £	Storage Facilities £	Equipment Fixtures & Vehicle £	
Cost							
At 1 April 2015	21,554,207	-	779,108	167,896	127,349	298,002	22,926,562
Additions	431,396	-	-	-	-	17,771	449,167
Disposal	(124,257)	-	-	-	-	(26,982)	(151,239)
Transfers	-	-	-	-	-	-	-
At 31 March 2016	21,861,346	-	779,108	167,896	127,349	288,791	23,224,490
Depreciation							
At 1 April 2015	4,714,957	-	-	167,896	11,119	294,260	5,188,232
Charge for the year	289,638	-	-	-	1,592	8,656	299,886
Disposal	(90,982)	-	-	-	-	(26,232)	(117,214)
At 31 March 2016	4,913,613	-	-	167,896	12,711	276,684	5,370,904
Net book value							
At 31 March 2016	16,947,733	-	779,108	-	114,638	12,107	17,853,586
At 31 March 2015 - restated	16,839,250	-	779,108	-	116,230	3,742	17,738,330

Additions to housing properties in course of construction during the year included capitalised interest and administrative costs of £NIL (2014: £Nil). All properties are freehold.

10. Debtors	2016 £	2015 £
Amounts falling due within one year:		
Gross rent arrears	76,568	83,975
Provision for bad debts	(45,076)	(45,076)
Rental debtors	31,492	38,899
Prepayments and accrued income	11,485	18,400
	42,977	57,299

Included within prepayments and accrued income is £NIL (2015: £13,450) relating to the exclusive rights to the use of the lounge of the Eldonian Village Hall for a period of 20 years from October 1995.

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

11. Creditors: amounts falling due within one year

	2016 £	Restated 2015 £
Prepayment of rent	43,952	62,784
Housing loans	140,587	139,915
Accruals and deferred income	20,453	64,728
Corporation tax	1,350	1,294
Unamortised Government grants	201,993	201,993
SHPS pension agreement plan	26,000	26,000
	<u>434,335</u>	<u>496,714</u>

12. Creditors: amounts falling due after more than one year

	2016 £	Restated 2015 £
Housing loans	2,543,021	2,682,259
Unamortised Government grants	12,260,362	12,462,357
SHPS pension agreement plan	274,000	207,000
	<u>15,077,383</u>	<u>15,351,616</u>

Housing loans from Orchardbrook Limited and The Co-operative Bank Plc. are secured by specific charges on certain of the Association's housing properties and are repayable at varying rates of interest in instalments due as follows:

	2016 £	2015 £
In one year or less	140,587	139,915
Between one and two years	155,114	150,596
Between two and five years	478,895	451,788
In five years or more	1,909,012	2,079,875
	<u>2,683,608</u>	<u>2,822,174</u>
Unamortised Government Grant		
At start of year	12,664,350	12,866,343
Released to income in the year	(201,995)	(201,993)
	<u>12,462,355</u>	<u>12,664,350</u>
At end of year	12,462,355	12,664,350
	<u>12,462,355</u>	<u>12,664,350</u>
Amounts due to be released < 1 year	201,993	201,993
Amounts due to be released > 1 year	12,260,362	12,462,357
	<u>12,462,355</u>	<u>12,664,350</u>

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

13. Pension obligations - SHPS Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Tier 1	£40.6m per annum
From 1 April 2016 to 30 September 2020:	(payable monthly and increasing by 4.7% each year on 1 April)
Tier 2	£28.6m per annum
From 1 April 2016 to 30 September 2023:	(payable monthly and increasing by 4.7% each year on 1 April)
Tier 3	£32.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 April)
Tier 4	£31.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

PRESENT VALUES OF PROVISION

	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Present value of provision	300	233	241

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

13. Pension obligations - SHPS Scheme [Continued]

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2016 (£000s)	Period ending 31 March 2015 (£000s)
Provision at start of period	233	241
Unwinding of the discount factor (interest expense)	4	7
Deficit contribution paid	(27)	(26)
Re-measurements - impact of any change in assumptions	(2)	11
Re-measurements - amendments to the contribution schedule	92	-
Provision at end of period	300	233

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2016 (£000s)	Period ending 31 March 2015 (£000s)
Interest expense	4	7
Re-measurements - impact of any change in assumptions	(2)	11
Re-measurements - amendments to the contribution schedule	92	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

ASSUMPTIONS

	31 March 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate of discount	2.06	1.92	3.02

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

13. Pension obligations - SHPS Scheme [Continued]

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Year 1	37	27	26
Year 2	38	28	27
Year 3	39	29	28
Year 4	41	31	29
Year 5	35	32	31
Year 6	29	26	32
Year 7	30	20	26
Year 8	26	20	20
Year 9	21	15	20
Year 10	21	10	15
Year 11	11	10	10
Year 12	-	5	10
Year 13	-	-	5
Year 14	-	-	-
Year 15	-	-	-
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account, i.e. the unwinding of the discount rate as a finance cost in the period in which it arises. It is these contributions that have been used to derive the company's balance sheet liability.

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

14. Called up share capital		2016	2015
		£	£
	Each member of the Association holds one share of £1 in the Association.		
	Allotted, issued and fully paid:		
	At 1 April 2015	209	204
	Issued during year	2	18
	Cancelled in year	-	(13)
		<u> </u>	<u> </u>
	At 31 March 2016	211	209
		<u> </u>	<u> </u>

The shares do not have rights to any dividends, nor to a distribution in a winding-up, and they are not redeemable. Each share carries one vote in a general meeting of the Association.

15. Capital commitments

There were contractual capital commitments outstanding at the year end of £166,725 (2015: £268,892). In the ensuing year the Committee have approved commitments in the region of £NIL (2015: £NIL).

16. Contingent liabilities

There are no known contingent liabilities arising from contractual disputes (2015: £NIL).

17. Operating leases

Commitments falling due within the next financial year on operating leases for other commitments amounted to £16,525 (2015: £2,016). The Association also leases a minibus on an annual basis at a cost of £1,818 (2014: £6,234)

18. Legislative provisions

The Association is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency as a Private Registered Provider of Social Housing.

19. Units in management	Units in management		Units in development	
	2016	2015	2016	2015
	No	No	No	No
Housing accommodation:				
General needs	346	346	-	-
Managed for others	45	141	-	-
Shared accommodation - Bed spaces	30	30	-	-
Shared ownership	12	12	-	-
Sheltered accommodation	36	36	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	469	565	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

From 1 April 2008 the management and risk relating to Eldonian House was transferred to agents with the Association retaining the property and receiving a rental income from it.

ELDONIAN COMMUNITY BASED HOUSING ASSOCIATION LIMITED

Notes to the Financial Statements For the year ended 31 March 2016

20. Related party transactions

All of the committee members are tenants of the Association. Tenancy agreements are set under normal commercial terms. The aggregate rent and service charge receivable in the year was £34,702 (2015: £34,497). At the year end aggregate arrears were £352 (2015: £464) and aggregate rents in advance £958 (2015: £884).

21. Grants and financial assistance	2016 £	2015 £
The total accumulated Government Grant received at 31 March 2016	16,159,321	16,159,321
Held as unamortised capital grant	12,462,355	12,664,350
Recognised as income in Statement of Comprehensive Income	3,696,966	3,494,971
	<u>16,159,321</u>	<u>16,159,321</u>

22. First time adoption of FRS102	Notes	Reserves as at Transition Date 1 April 2014 £	Surplus Year Ended 31 March 2015 £
As previously stated under former UKGAAP		3,174,822	383,483
Transitional adjustments:			
Increase in depreciation of housing properties	(a)	(3,459,340)	(67,567)
Increase in amortisation of grants relating to housing properties	(b)	3,292,978	201,993
Inclusion of SHPS pension deficit payment liability	(c)	<u>(241,000)</u>	<u>8,000</u>
As stated in accordance with FRS102		<u>2,767,460</u>	<u>525,909</u>

Explanation of changes to previously reported profit and reserves:

- (a) FRS102 requires capital grant previously deducted from the cost of fixed assets, is treated as creditors where the fixed assets are carried at cost. The effect compared to current UK GAAP is an increase to the carrying cost of housing properties resulting in an increase in the depreciation at transition of £3,459,340 and a decrease in the surplus for the year ended 31 March 2015 of £67,567.
- (b) FRS102 requires that Government capital grant previously deducted from the carrying cost of housing properties is treated as a deferred capital grant creditor and released to the statement of comprehensive income over the useful life of the associated assets. The effect compared to current UK GAAP is an increase in income recognised on transition of £3,292,975, and £201,993 increase in surplus for the year ended 31 March 2015.
- (c) FRS102 requires that a liability is recognised for the contributions that arise from an agreement to fund a deficit in a multi-employer pension scheme. The effect is that a liability for the SHPS payment plan has been recognised at the present value of the contributions payable using the discount rate of 1.92% for the year ended 31 March 2015. This has resulted in a decrease in reserves of £241,000 at transition and an increase in the surplus in the year ended 31 March 2015 of £8,000.