



Alexander Sloan
Accountants and Business Advisers

Ochil View Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2019

Registered Housing Association No. 213

FCA Reference No. 2310R(S)

Scottish Charity No. SC033130

OCHIL VIEW HOUSING ASSOCIATION LIMITED

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OCHIL VIEW HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2019

MANAGEMENT COMMITTEE

Tom Brown	Chairperson
Margaret Baxter	Vice Chairperson
Graham Collie	Treasurer
Lynn Brierley	
Sam Brown	
Ewen Cameron	
Andrew Campbell	
John Campbell	
Aileen Crichton	
Bramley Eccles	
Louise Gregory	
Susan Mackay	
Teresa McNally	
Lindsay Stother	
Kevin Keane	(Appointed 25 October 2018)

EXECUTIVE OFFICERS

George Tainsh	Chief Executive and Secretary
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REGISTERED OFFICE

Ochil House
Marshall
Alloa
Clackmannashire
FK10 1AB

EXTERNAL AUDITORS

Alexander Sloan
Accountants & Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

INTERNAL AUDITORS

Scott Moncrieff
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

BANKERS

The Royal Bank of Scotland
Unit 22/23, Thistles
Goosecroft Road
Stirling
FK8 2EA

SOLICITORS

Harper MacLeod
The Ca'd'oro
45 Gordon Street
G1 3PE

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2019.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2310R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC033130.

Principal Activities

The principal activity of the Association is the provision and management of affordable rented accommodation.

Review of Business and Future Developments

Corporate Performance

The Association sets challenging corporate targets against which performance is measured over the course of the financial year. We are pleased to see continued improvement in the reactive maintenance performance against targets over the last few months of the year although poorer performance in the first two quarters has meant that the year-end figures have fallen slightly short of target in some cases. The Association continues to take steps to improve performance in these areas.

Key Achievements

Key indicators met or exceeded during 2018/19 include the following;

- Average length of time to complete emergency repairs
- Average length of time to complete non-emergency repairs
- Planned Maintenance works v Programme
- Rent collected as a % of rent due
- Voids (Gross Accounting)
- Current Ratio
- Net Debt per unit
- Operating Surplus v. Debt Service Liability
- Staff Costs / Turnover

Key Areas for Improvement

Key Areas for improvement are as follows;

- Emergency Repair Response
- % Reactive Repairs completed right first time
- Tenant Satisfaction with Reactive Repairs
- Re-let Times: All Stock

Compliance with Strategic Objectives

Through an extended range of KPIs the Association also measures compliance with its strategic objectives and the year-end evaluation of these showed the following;

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

Review of Business and Future Developments (Continued)

High Compliance

Provision of New / Adapted Homes & Residential Property Acquisitions
Financial Management / Corporate Governance & Corporate Sustainability
Resident Participation and Communication

Medium Compliance

Reactive & Planned Maintenance Services
Housing Management and Tenancy Sustainment
Human Resources and Health and Safety

Low Compliance

We are pleased that areas showing as "Low Compliance" last year have improved and we will continue to strive to improve performance.

Key Priorities 2019/20

The Association's key priorities for 2019/20 are as follows;

- Undertake full Customer Satisfaction Survey;
- Continue to implement the requirements of the Housing (Scotland) Act 2014;
- Maintain the improvement in the reactive maintenance service and maintain high levels of tenant satisfaction;
- Increase level of tenant satisfaction in relation to rent representing value for money;
- Consider options for delivering the reactive maintenance services beyond June 2020;
- Continue to monitor the impact of Welfare Reform;
- Progress development aspirations (and in particular opportunities / sites not in our ownership);
- Introduce in house Customer Satisfaction Survey process in an attempt to obtain more meaningful, timely and actionable feedback on which to base improvements in service;
- Improve customer satisfaction results relating to the management of neighbourhood;
- Deliver measurable improvements from the additional investment in staff resources following the Staffing Review;
- Develop and implement an effective Mobile Working Strategy;
- Implement "My Home" (to empower tenants to report repairs, complaints, pay rent etc);
- Implement Homehunt UK;
- Maximize compliance with EESSH 1;
- Consider EESSH 2 requirements and timescales;
- Maximize planned maintenance programme expenditure;
- Develop CHR and housing options advice;
- Contribute to a successful handover of responsibilities relating to NHT M&M agreement;
- Ensure compliance with FOI provisions as extended to RSLs in November 2019;
- Deliver improvements in the Associations Factoring Service which lead to increased levels of satisfaction;
- Retain Investors in People Gold status;
- Retain Healthy Working Lives Gold status;
- Complete the 2019 LSM Audit Action Plan;
- Complete the Internal Audit Actions (from Audits carried out in 2018/2019);
- Develop and implement a Succession Plan for both senior and management staff;
- Re-tender the Landscape Maintenance Service
- Celebrate the Association's 30th anniversary year through a number of new (and existing) initiatives.

Internal Audit

During the year the internal audit function focussed on Data Protection , Income and Debtors and Corporate Governance. A number of recommendations were made as a result of the audits and action plans and timescales to implement the recommended changes have been agreed.

The reports were considered by the Association's Finance, Audit & Corporate Governance Committee which regularly monitors progress against agreed action plans.

Rent Arrears

The Association's rent arrears position at the end of 2018/19 for current (non - technical) arrears was 3.85% against a target of 4.74% for the year. Arrears are continuing to increase and this is a reflection of the effects of Universal Credit on the Association's cash collection and arrears management procedures. The Association has increased its investment in its Housing Services function in order to focus further on tenancy sustainment, cash collection and arrears management in order to try to contain the effects of government policy in this area.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

Review of Business and Future Developments (Continued)

Risk Management

The Association's risk management process continues to quantify and compare the relative significance of a wide variety of risks facing the organisation and these are reviewed by the Management Committee each quarter.

In terms of high risk areas these have been identified as follows:

- ✓ Development of New Housing
- ✓ Implications of Welfare Reform
- ✓ Compliance with EESSH
- ✓ Unsatisfactory Customer Satisfaction Performance
- ✓ Reactive Maintenance Service

The "development risk" reflects the Committee's decision to once again provide new homes following a period of inactivity. However, in order to mitigate the risks involved the Association has entered into a development partnership with Kingdom Housing Association.

Recent, new or emerging risks which the Association has deemed important to be aware of include:

- ✓ Unsatisfactory Customer Satisfaction Performance
- ✓ Cyber Security

Regulatory Assessment

Following the latest round of assessments of RSLs by the Scottish Housing Regulator the Association is required to submit the standard, annual information to the Regulator. A formal regulatory status will not be assigned until after the first Annual Assurance Statements have been submitted and assessed.

Residential Property Acquisitions

During the year the Association acquired eight properties on the open market and is looking to acquire a further eight in 2019/20.

Planned Investment and Reactive Maintenance

The Association continued to invest heavily in its housing properties during 2018/19 spending around £380K on a range of component replacements such as new kitchens and boilers. Including expenditure on planned, cyclical and reactive maintenance total expenditure on direct maintenance accounted for just over £1.8 million over the year.

Development Opportunities

The Association recently developed 11 units, in partnership with Kingdom Housing Association, at Millers Lade Avenue in Sauchie. These were completed in May 2019.

The Association also owns land at Elm Grove, Alloa and as part of a mixed tenure development will provide 33 social rented properties the majority of which will be family sized accommodation including some wheelchair provision. The site start date is expected to be towards the end of 2019.

In addition to the progress being made in relation to the development sites in its ownership the Association has also recently agreed its contribution to future provision in collaboration with Kingdom Housing Association.

Financial Review

The Association reports a surplus of £1,363K during the year. This was due primarily to savings made through tendering processes for planned maintenance projects and some underspends on planned maintenance. Bad debts from rental income increased to £55.2K compared to a budget of £57.5K and these arose as a result of increasing provisions for write offs against increasing arrears that have arisen as a result of the impact of Universal Credit.

Net assets have increased during the year from £6.1m to £6.7m and this is largely due to an increase in cash balances and reduction in loan debt.

Both of the current loan covenants have been achieved during the year.

The Management Committee have expressed their satisfaction with the financial results for the year.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

Management Committee and Executive Officers

The members of the Management Committee and the Executive Officers are listed on Page 1.

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

The members of the Management Committee are also Trustees of the Charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Act 2014 requires the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Management Committee is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements - 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2019

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2019. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year the Association made charitable donations amounting to £800 (2018 - £1,093).

Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

By order of the Management Committee


GEORGE TAINSH
Secretary
25 July 2019

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF OCHIL VIEW HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards within the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes 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 Management Committee'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 within the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
25 July 2019



Alexander Sloan
Accountants and Business Advisers

OCHIL VIEW HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCHIL VIEW HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements of Ochil View Housing Association Limited (the 'Association') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 Society 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Management Committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Management Committee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Management Committee.

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:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OCHIL VIEW HOUSING ASSOCIATION LIMITED (Continued)

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities as set out on Page 5, the Management Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.
- Conclude on the appropriateness of the Management Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
25 July 2019



Alexander Sloan
Accountants and Business Advisers

OCHIL VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	£	2019 £	£	2018 £
REVENUE	2		6,939,682		6,820,891
Operating Costs	2		<u>(5,155,709)</u>		<u>(5,376,518)</u>
OPERATING SURPLUS			1,783,973		1,444,373
Gain / (Loss) On Sale Of Housing Stock	7	38,398		(952)	
Exceptional Item	24	103,084		(1,491,596)	
Interest Receivable and Other Income		63,036		54,456	
Interest Payable and Similar Charges	8	(599,087)		(535,524)	
Other Finance Income / (Charges)	11	<u>(26,000)</u>		<u>(2,946)</u>	
			<u>(420,569)</u>		<u>(1,976,562)</u>
SURPLUS / (DEFICIT) FOR THE YEAR	9		1,363,404		(532,189)
Other comprehensive income					
Adjustment relating to Opening Pension Liability			(363,000)		-
Actuarial Gains/ (Losses) on defined benefit Pension Plan			<u>(292,000)</u>		<u>-</u>
TOTAL COMPREHENSIVE INCOME			<u>708,404</u>		<u>(532,189)</u>

The notes on pages 14 to 31 form part of these financial statements.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

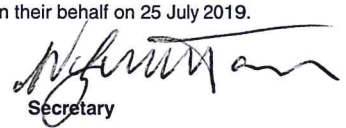
	Notes	2019		2018	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12 (a)		56,285,511		57,077,281
Other Non-current Assets	12 (b)		451,484		449,650
			<u>56,736,995</u>		<u>57,526,931</u>
CURRENT ASSETS					
Receivables	14	473,958		444,329	
Cash at bank and in hand		9,261,713		8,720,926	
		<u>9,735,671</u>		<u>9,165,255</u>	
CREDITORS: Amounts falling due within one year	15	<u>(1,723,641)</u>		<u>(1,683,279)</u>	
NET CURRENT ASSETS			<u>8,012,030</u>		<u>7,481,976</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			64,749,025		65,008,907
CREDITORS: Amounts falling due after more than one year	16		(25,324,096)		(26,855,655)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish Housing Association Pension Scheme	25	<u>(1,243,000)</u>		-	
			(1,243,000)		-
DEFERRED INCOME					
Social Housing Grants	18	(30,673,675)		(31,328,986)	
Other Grants	18	<u>(738,522)</u>		<u>(762,936)</u>	
			<u>(31,412,197)</u>		<u>(32,091,922)</u>
NET ASSETS			<u>6,769,732</u>		<u>6,061,330</u>
EQUITY					
Share Capital	19		45		47
Revenue Reserves			8,012,687		6,061,283
Pension Reserves			<u>(1,243,000)</u>		<u>-</u>
			<u>6,769,732</u>		<u>6,061,330</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 25 July 2019.

Chairperson



Treasurer



Secretary

The notes on pages 14 to 31 form part of these financial statements.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
Net cash inflow from operating activities	17	2,782,743	2,314,789
Investing Activities			
Acquisition and Construction of Properties	(1,018,640)	(546,620)	
Purchase of Other Fixed Assets	(28,218)	(7,769)	
Social Housing Grant Received	230,714	109,300	
Proceeds on Disposal of Properties	38,398	-	
Net cash outflow from investing activities		(777,746)	(445,089)
Financing Activities			
Other Finance Charges	(26,000)	(2,946)	
Interest Received on Cash and Cash Equivalents	63,036	54,456	
Interest Paid on Loans	(599,087)	(535,524)	
Loan Principal Repayments	(902,161)	(455,884)	
Share Capital Issued	2	-	
Net cash outflow from financing activities		(1,464,210)	(939,898)
Increase in cash		540,787	929,802
Opening Cash & Cash Equivalents		8,720,926	7,791,124
Closing Cash & Cash Equivalents		9,261,713	8,720,926
Cash and Cash equivalents as at 31 March			
Cash		9,261,713	8,720,926
		9,261,713	8,720,926

The notes on pages 14 to 31 form part of these financial statements.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Share Capital £	Scottish Housing Association Pension reserve £	Revenue Reserve £	Total £
Balance as at 31 March 2017	50	-	6,593,472	6,593,522
Cancellation of Shares	(3)	-	-	(3)
Deficit for the year	-	-	(532,189)	(532,189)
Balance as at 31 March 2018	47	-	6,061,283	6,061,330
Balance as at 1 April 2018	47	-	6,061,283	6,061,330
Issue of Shares	2	-	-	2
Cancellation of Shares	(4)	-	-	(4)
Other comprehensive income	-	(1,243,000)	588,000	(655,000)
Surplus for the year	-	-	1,363,404	1,363,404
Balance as at 31 March 2019	45	(1,243,000)	8,012,687	6,769,732

The notes on pages 14 to 31 form part of these financial statements.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2019. A summary of the more important accounting policies is set out below.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government Grants are released to income over the expected useful life of the assets to which they relate.

Retirement Benefits

The Association participated in the Scottish Housing Association Defined Benefit Pension Scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association moved to the Scottish Housing Associations Defined Contribution scheme on leaving the defined benefit scheme. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Land	Not depreciated
Main Structure	60 Years
Roofs	50 Years
Kitchen	15 Years
Bathroom	30 Years
Heating	15 Years
Windows & Doors	30 Years
Lifts	30 Years

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Depreciation and Impairment of Other Non-Current Assets

Non-current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Asset Category	Depreciation Rate
Office Premises	80 years
Furniture and Fittings	20-25%
Computer & Office Equipment	25%

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

Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates.

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

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

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

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

Estimation Uncertainty

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

a) Rent Arrears - Bad Debt Provision

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

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Board of Management the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

d) Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING AND OTHER ACTIVITIES

	Notes	2019			2018		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	6,866,696	5,043,354	1,823,342	6,758,197	5,292,115	1,466,082
Other Activities	4	72,986	112,355	(39,369)	62,694	84,403	(21,709)
Total		6,939,682	5,155,709	1,783,973	6,820,891	5,376,518	1,444,373

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared Ownership £	2019 Total £	2018 Total £
Revenue from Lettings				
Rent receivable net of service charges	5,859,031	54,459	5,913,490	5,718,869
Gross income from rent and service charges	5,859,031	54,459	5,913,490	5,718,869
Less: Rent losses from voids	28,417	-	28,417	28,138
Net Rents Receivable	5,830,614	54,459	5,885,073	5,690,731
Grants released from deferred income	860,352	13,688	874,040	889,932
Revenue grants from Scottish Ministers	107,583	-	107,583	177,534
Total turnover from affordable letting activities	6,798,549	68,147	6,866,696	6,758,197
Expenditure on affordable letting activities				
Management and maintenance administration costs	1,560,917	24,318	1,585,235	1,605,243
Service Costs	131,531	9,144	140,675	113,896
Planned and cyclical maintenance, including major repairs	791,165	-	791,165	1,029,199
Reactive maintenance costs	728,294	-	728,294	612,558
Bad Debts - rents and service charges	55,248	-	55,248	80,227
Depreciation of affordable let properties	1,727,261	15,476	1,742,737	1,850,992
Operating costs of affordable letting activities	4,994,416	48,938	5,043,354	5,292,115
Operating surplus on affordable letting activities	1,804,133	19,209	1,823,342	1,466,082
2018	1,444,303	21,779		

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus / (Deficit) 2019	Operating Surplus / (Deficit) 2018
	£	£	£	£	£	£
Factoring	14,856	14,856	-	14,431	425	592
Contracted out services undertaken for other organisations	36,119	36,119	-	35,274	845	4,555
Other activities	18,902	18,902	-	-	18,902	-
Rechargeable repairs	3,109	3,109	62,650	-	(59,541)	(26,856)
Total From Other Activities	72,986	72,986	62,650	49,705	(39,369)	(21,709)
2018	62,694	62,694	43,840	40,563	(21,709)	

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

2019	2018
£	£
<u>65,432</u>	<u>61,283</u>
<u>15,237</u>	<u>14,845</u>
<u>67,310</u>	<u>62,998</u>
<u>242,007</u>	<u>226,355</u>

The number of Officers, including the highest paid Officer, who received emoluments over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	<u>2</u>	<u>2</u>
£70,001 to £80,000	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

The average monthly number of full time equivalent persons employed during the year was:

The average total number of Employees employed during the year was:

Staff Costs were:

Wages and Salaries
 Social Security Costs
 Other Pension Costs

2019	2018
No.	No.
<u>24</u>	<u>24</u>
<u>26</u>	<u>26</u>
£	£
880,420	835,220
90,590	85,360
176,727	120,010
<u>1,147,737</u>	<u>1,040,590</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN / (LOSS) ON SALE OF HOUSING STOCK

	2019	2018
	£	£
Sales Proceeds	38,398	(952)
Cost of Sales	-	-
Gain / (Loss) On Sale Of Housing Stock	<u>38,398</u>	<u>(952)</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2019	2018
	£	£
On Bank Loans & Overdrafts	<u>599,087</u>	<u>535,524</u>

9. SURPLUS / (DEFICIT) FOR THE YEAR

	2019	2018
	£	£
Surplus / (Deficit) For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	1,769,121	1,862,684
Auditors' Remuneration - Audit Services	10,727	10,545
Operating Lease Rentals - Other	2,549	2,549
(Gain) / loss on sale of fixed assets	<u>(38,398)</u>	<u>949</u>

10. TAX ON SURPLUS / (DEFICIT) ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE INCOME / CHARGES

	2019	2018
	£	£
Unwinding of Discounted Pension Liabilities	-	2,946
Interest on Pension Liabilities	<u>26,000</u>	<u>-</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
COST				
As at 1 April 2018	78,340,339	384,737	1,056,477	79,781,553
Additions	1,009,157	9,483	-	1,018,640
Disposals	(211,767)	(90)	(73,355)	(285,212)
As at 31 March 2019	<u>79,137,729</u>	<u>394,130</u>	<u>983,122</u>	<u>80,514,981</u>
DEPRECIATION				
As at 1 April 2018	22,389,441	-	314,831	22,704,272
Charge for Year	1,727,261	-	15,476	1,742,737
Disposals	(205,223)	-	(12,316)	(217,539)
As at 31 March 2019	<u>23,911,479</u>	<u>-</u>	<u>317,991</u>	<u>24,229,470</u>
NET BOOK VALUE				
As at 31 March 2019	<u>55,226,250</u>	<u>394,130</u>	<u>665,131</u>	<u>56,285,511</u>
As at 31 March 2018	<u>55,950,898</u>	<u>384,737</u>	<u>741,646</u>	<u>57,077,281</u>

Additions to housing properties include capitalised development administration costs of £Nil (2018 - £Nil) and capitalised major repair costs to existing properties of £379,074 (2018 - £400,620).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £2,528,616 (2018 - £2,168,377). The amount capitalised is £1,009,157 (2018 - £526,620) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £379,074 (2018 - £400,620) and improvement of £630,083 (2018 - £126,000).

The Association's Lenders have standard securities over Housing Property with a carrying value of £26,073,522 (2018 - £26,582,156).

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Office Furniture & Equipment £	Computer Equipment £	Total £
COST				
As at 1 April 2018	902,230	41,099	51,015	994,344
Additions	4,386	4,570	19,262	28,218
Eliminated on Disposals	-	(3,987)	(21,027)	(25,014)
As at 31 March 2019	<u>906,616</u>	<u>41,682</u>	<u>49,250</u>	<u>997,548</u>
AGGREGATE DEPRECIATION				
As at 1 April 2018	480,666	23,090	40,938	544,694
Charge for year	5,992	8,401	11,991	26,384
Eliminated on Disposals	-	(3,987)	(21,027)	(25,014)
As at 31 March 2019	<u>486,658</u>	<u>27,504</u>	<u>31,902</u>	<u>546,064</u>
NET BOOK VALUE				
As at 31 March 2019	<u>419,958</u>	<u>14,178</u>	<u>17,348</u>	<u>451,484</u>
As at 31 March 2018	<u>421,564</u>	<u>18,009</u>	<u>10,077</u>	<u>449,650</u>

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-

	2019 £	2018 £
Other		
Not later than one year	2,548	2,548
Later than one year and not later than five years	<u>4,034</u>	<u>6,582</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Arrears of Rent & Service Charges	314,135	281,787
Less: Provision for Doubtful Debts	<u>(291,638)</u>	<u>(261,615)</u>
	22,497	20,172
Other Receivables	<u>451,461</u>	<u>424,157</u>
	<u>473,958</u>	<u>444,329</u>

15. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Housing Loans	913,476	799,078
Trade Payables	210,307	133,924
Rent Received in Advance	108,771	96,420
Social Housing Grant in Advance	-	49,286
Other Payables	491,087	431,571
Liability for Past Service Contributions	-	173,000
	<u>1,723,641</u>	<u>1,683,279</u>

At the balance sheet date there were pension contributions outstanding of £Nil (2018 - £Nil).

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Liability for Past Service Contributions	-	515,000
Housing Loans	25,324,096	26,340,655
	<u>25,324,096</u>	<u>26,855,655</u>
Housing Loans		
Amounts due within one year	913,476	799,078
Amounts due in one year or more but less than two years	913,476	913,476
Amounts due in two years or more but less than five years	4,240,428	3,740,428
Amounts due in more than five years	20,170,192	21,686,751
	<u>26,237,572</u>	<u>27,139,733</u>
Less: Amount shown in Current Liabilities	913,476	799,078
	<u>25,324,096</u>	<u>26,340,655</u>
Liability for Past Service Contributions		
Amounts due within one year	-	173,000
Amounts due in one year or more but less than two years	-	178,000
Amounts due in two years or more but less than five years	-	337,000
	<u>-</u>	<u>688,000</u>
Less: Amount shown in Current Liabilities	-	173,000
	<u>-</u>	<u>515,000</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
RBS	Standard security over 251 properties	1.4%	2032	Fixed
RBS	Standard security over 311 properties	0.9%	2038	Fixed
RBS	Standard security over 340 properties	0.9%	2041	Fixed

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

Due to lenders at the year end	24,849,060	25,648,137
Effective interest rate adjustment	1,388,512	1,491,596
Loans at amortised cost using the effective interest rate	<u>26,237,572</u>	<u>27,139,733</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. STATEMENT OF CASH FLOWS

Reconciliation of surplus for the year to net cash inflow from operating activities

	2019 £	2018 £
Surplus for the year	1,363,404	(532,189)
Depreciation	1,751,109	1,873,798
Gain on disposal	(38,398)	952
Amortisation of Capital Grants	(874,040)	(889,923)
Change in debtors	(29,629)	(25,097)
Change in creditors	148,250	(88,359)
Unwinding of Discount on Pension Liability	(100,000)	(2,946)
Transfer of interest to financial activities	536,051	1,975,610
Share Capital Written Off	(4)	(3)
Finance charges	26,000	2,946
Net cash inflow from operating activities	<u>2,782,743</u>	<u>2,314,789</u>

Reconciliation of net cash flow to movement in net debt

	2019 £		2018 £	
Increase in cash	540,787		929,802	
Cashflow from change in net debt	902,161		939,898	
Movement in net debt during the year		1,442,948		1,869,700
Net debt at 1st April 2018		(18,418,807)		(20,288,507)
Net debt at 31 March 2019		<u>(16,975,859)</u>		<u>(18,418,807)</u>

<i>Analysis of changes in net debt</i>	<i>At</i>	<i>Cashflows</i>	<i>Other</i>	<i>At</i>
	<i>01/04/2018</i>			<i>Changes</i>
	£	£	£	£
Cash at bank and in hand	8,720,926	540,787	-	9,261,713
	8,720,926	540,787	-	9,261,713
Debt: Due within one year	(799,078)	902,161	(1,016,559)	(913,476)
Due after more than one year	(26,340,655)	-	1,016,559	(25,324,096)
Net Debt	<u>(18,418,807)</u>	<u>1,442,948</u>	<u>-</u>	<u>(16,975,859)</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
Social Housing Grants				
Balance as at 1st April 2018	30,309,038	384,698	635,250	31,328,986
Additions in the year	280,000	-	-	280,000
Eliminated on disposal of components and property	(404)	-	(82,816)	(83,220)
Amortisation in year	(839,023)	-	(13,068)	(852,091)
Balance as at 31 March 2019	<u>29,749,611</u>	<u>384,698</u>	<u>539,366</u>	<u>30,673,675</u>
Other Grants				
Balance as at 1st April 2018	733,828	-	29,108	762,936
Amortisation in year	(21,329)	-	(620)	(21,949)
Eliminated on disposal of components and property	(23)	-	(2,442)	(2,465)
Balance as at 31 March 2019	<u>712,476</u>	<u>-</u>	<u>26,046</u>	<u>738,522</u>
Total	<u>30,462,087</u>	<u>384,698</u>	<u>565,412</u>	<u>31,412,197</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2019 £	2018 £
Amounts due within one year	874,040	889,923
Amounts due in one year or more	30,538,157	31,201,999
	<u>31,412,197</u>	<u>32,091,922</u>

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2019 £	2018 £
As at 1 April 2018	47	50
Issued in year	2	-
Cancelled in year	(4)	(3)
As at 31 March 2019	<u>45</u>	<u>47</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2019 No.	2018 No.
General Needs - Built by Association	1,381	1,373
Shared Ownership	22	24
	<u>1,403</u>	<u>1,397</u>

21. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102.

Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members (and their close family) were as follows:

	2019 £	2018 £
Rent received from tenants on the Management Committee and their close family members	<u>21,477</u>	<u>16,698</u>
Factoring charges received from factored owners on the Management Committee and their close family members	-	<u>2,415</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £Nil (2018 - £Nil).

At the year end total factoring arrears owed by the factored owners on the Management Committee (and their close family) were £Nil (2018 - £Nil).

Members of the Management Committee who are tenants	5	5
Members of the Management Committee who are owner occupiers	-	1
Members of the Management Committee who are local authority employees	<u>2</u>	<u>1</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is Ochil House, Marshall, Alloa.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Clackmannanshire & Fife.

23. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £676 (2018 - £429) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

24. EXCEPTIONAL ITEM

The exceptional item relates to the unwinding of the adjustment made for breakage costs on a fixed loan account which was refinanced in 2017. Breakage costs of £1,515,006 were embedded into a new fixed interest rate and the full amount of the costs were accounted for in 2017. These costs are being released to the Statement of Comprehensive Income over the 15 year period of the fix.

25. SHAPS PENSION PROVISION

	2019	2018
	£	£
As at 1 April 2018	-	-
Increase in Provision	1,243,000	-
	<u>1,243,000</u>	<u>-</u>
Balance as at 31 March 2019	1,243,000	-

26. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Ochil View Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme), the assets of which are held in a separate trustee administered fund.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal then the liability of the withdrawing employer is reapportioned amongst the remaining employers; therefore in certain circumstances the Association may become liable for the obligations of a third party.

The last valuation of the Scheme was performed as at 30 September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%). All Scheme members have agreed to make contributions towards the past service deficit.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

The pension fund is administered by the Pensions Trust. Previously only the past service deficit was included as a liability in the financial statements as the Association's share of the pension assets and liabilities could not be determined. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The figures are available at 1 April 2018 and 31 March 2019. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

In January 2019, the FRC issued FRED 71 (Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multi-employer defined benefit plans) which provides proposed changes to FRS 102 on how to treat the transition from defined contribution to defined benefit accounting. This method has been adopted by the Housing Association as the most appropriate treatment. As a result the change has been accounted for as a change in accounting estimate.

Due to the change in accounting estimate the past service deficit liability has been removed as the liability is included in the pension liability now calculated by the actuary and shown under Provisions for Liabilities and Charges in the Statement of Financial Position. The change has been reflected in Other Comprehensive Income as follows:

	£
Opening pension liability per actuary	1,051,000
Opening past service deficit	(688,000)
	<hr/>
Movement to other comprehensive income	363,000
	<hr/>

As a result the unwinding of the past service deficit is no longer shown within finance charges. Instead the expenses, interest and other comprehensive income as detailed within this note are incorporated within the financial statements.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

Principal Actuarial Assumptions

Assumptions as at	2019 %p.a.	2018 %p.a.
Salary increases	3.3%	3.1%
Inflation RPI	3.3%	3.1%
Inflation CPI	2.3%	3.1%
Discount Rate	2.3%	2.6%

The number of members of the pension scheme

	2019 £000
Employee members	17
Deferred pensioners	11
Pensioners	11
	39

Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	21.7	23.4
Future Pensioners	23.1	24.7

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

Fair value of scheme assets by category

	2019	2018
	£000	£000
Growth Assets	2,764	2,549
Matching Plus	648	535
Liability Driven Investment	2,109	1,930
Net Current Assets	6	9
	<u>5,527</u>	<u>5,023</u>

Net Pension Liability

	2019	2018
	£000	£000
Fair value of employer's assets	5,527	5,023
Present value of scheme liabilities	(6,770)	(6,074)
	<u>(1,243)</u>	<u>(1,051)</u>

Reconciliation of fair value of employer assets

	2019
	£000
Opening fair value of employer assets	5,023
Expected Return on Assets	134
Contributions by Members	34
Contributions by the Employer	271
Actuarial Gains	107
Estimated Benefits Paid	(42)
Closing fair value	<u>5,527</u>

Actual return on return on assets in the year to 31 March 2019 was £241,000.

Reconciliation of defined benefit obligations

	2019
	£000
Opening defined benefit obligation	6,074
Current Service Cost	145
Interest Cost	160
Contributions by members	34
Actuarial Losses	399
Estimated Benefits Paid	(42)
Closing defined benefit obligation	<u>6,770</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. RETIREMENT BENEFIT OBLIGATIONS

Analysis of amount charged to the Statement of Comprehensive Income

	2019 £000
Charged to operating costs:	
Service cost	145
	<hr/>
Charged to Other Finance Costs / (Income)	
Expected Return on employer assets	(134)
Interest on pension scheme liabilities	160
	<hr/>
	26
	<hr/>
	160
Net Charge to the Statement of Comprehensive Income	171

Actuarial Gain / (Loss) recognised in Other Comprehensive Income

	2019 £000
Actuarial gain/(loss) recognised in year	(292)
Cumulative actuarial gains	(292)