



Alexander Sloan
Accountants and Business Advisers

Ochil View Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2018

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 2018

MANAGEMENT COMMITTEE

Tom Brown	Chairperson
Margaret Baxter	Vice Chairperson
Graham Collie	Treasurer
Lynn Brierley	
Sam Brown	
Ewen Cameron	
Andrew Campbell	
John Campbell	
Aileen Crichton	
Bob Dunbar	Resigned 14th September 2017
Bramley Eccles	
Louise Gregory	Appointed 29th March 2018
Susan Mackay	
Teresa McNally	
Margaret McNeill	Ceased as per Rule 44.3, 22nd February 2018
Lindsay Stother	

EXECUTIVE OFFICERS

George Tainsh	Director and Secretary
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REGISTERED OFFICE

Ochil House
Marshall
Alloa
Clackmannashire
FK10 1AB

EXTERNAL AUDITORS

Alexander Sloan
Chartered Accountants
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
19 High Street
Alloa
FK10 1JF

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 2018

The Management Committee presents its report and the Financial Statements for the year ended 31 March 2018.

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, management and maintenance of quality rented accommodation throughout Clackmannanshire and West Fife.

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 and, due to extenuating factors relating to the roll out of universal credit and the performance of our reactive maintenance service, 2017/2018 was a particularly challenging year. The Association is taking steps to improve performance particularly in relation to the latter.

Key Achievements

Key indicators met or exceeded during 2017/18 include the following;

- Complaints resolved within SPSO timescales
- Voids (Gross accounting)
- Current Ratio
- Net Debt per unit
- Borrowed Monies v. Net Worth
- Operating Surplus v. Debt Service Liability
- Staff Costs / Turnover
- Borrowed Monies v. Net Worth
- Management & Maintenance Administration Costs per Unit
- Average Management Committee Attendance
- Gas Safety Checks

Key Areas for Improvement

Key Areas for improvement are as follows;

- Emergency Repair Response
- Average length of time to complete non- emergency repairs
- Reactive Repair Response times (all categories)
- % 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;

High Compliance

Provision of New / Adapted Homes & Residential Property Acquisitions
Financial Management / Corporate Governance & Corporate Sustainability

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

Review of Business and Future Developments (Continued)

Medium Compliance

Resident Participation and Communication

Low Compliance

Reactive & Planned Maintenance Services

Housing Management and Tenancy Sustainment

Human Resources and Health and Safety

Again, the areas showing as "Low Compliance" have been affected by performance issues with our reactive maintenance service, by the impact of Universal Credit and by a single period of long term staff absence.

Key Priorities 2018/2019

The Association's key priorities for 2018/2019 are as follows;

- to achieve a significant improvement in the reactive maintenance service
- to progress development aspirations
- to deliver the planned maintenance and improvement programme;
- to complete all outstanding actions from the 2017/2018 Internal Audit Programme particularly relating to the development of an Asset Management Plan and publicising the Customer Satisfaction Survey 2016 Action Plan;
- to continue with ongoing Customer Satisfaction Survey process;
- to develop suite of tested questions leading to 2019 Large Scale Survey
- to implement the outcomes of the Staffing Review;
- to develop and implement a Mobile Working Strategy;
- to achieve planned progress in relation to EESSH and in particular determine the financial viability of installing external wall insulation to the Associations non - traditional properties;
- to develop and implement Community Benefits Strategy;
- to implement Homehunt UK;
- to develop the CHR and increase commonality with CHR partners;
- to review NHT M&M agreement;
- to retender Internal Audit Service;
- to retender External Audit Service;
- to ensure compliance with new Data Protection regulations (GDPR);
- to achieve improvement in corporate performance and achievement of the Associations Strategic Objectives.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

Review of Business and Future Developments (Continued)

Internal Audit

During the year the internal audit function focussed on Treasury and Cash Management, Reactive Repairs and Customer Engagement and Satisfaction. 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.

Voids & Re-lets

The Association re-let 121 properties during the year compared to 139 in 2016/17.

The void rent loss as a percentage of rent reduced from 0.48% in 2016/17 to 0.41%.

Rent Arrears

The Association's rent arrears position at the end of 2017/18 for current (non - technical) arrears was 3.6% against a target of 3.0% for the year. This is an increase compared to the previous financial year's position of 2.7% and is a reflection of the effects of Universal Credit on the Association's cash collection and arrears management procedures. The Association is increasing 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.

Risk Management

The Associations 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
- Reactive Maintenance Service

The "development risk" reflects the Committees 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:

- New data protection regulations

Regulatory Assessment

Following the latest round of assessments of RSLs by the Scottish Housing Regulator the Association continues to be assessed as Low Engagement.

Corporate Governance

The Association strengthened the Management Committee following the successful recruitment of a new Committee Member during 2017/18.

Residential Property Acquisitions

During the year the Association acquired two properties on the open market and is looking to acquire a further eight in 2018/19.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

Review of Business and Future Developments (Continued)

Planned Investment and Reactive Maintenance

The Association continued to invest heavily in its housing properties during 2017/18 spending around £400K on a range of component replacements such as new kitchens and boilers and around £290K on a shower installation programme. Including expenditure on planned, cyclical and reactive maintenance total expenditure on direct maintenance accounted for just under £1.9 million over the year.

Charitable Donations

During the year the Association made charitable donations of £1,093. (2017 £1,000).

Employee Pensions

The Association no longer offers final salary or CARE 60th options in terms of pension schemes. Employees may choose between the SHAPS CARE 70th scheme and a Defined Contribution option – with the additional opportunity of paying contributions through a salary sacrifice scheme.

Strategic Direction

Following a period of consolidation the Association has entered a new "Growth Phase" based on the development of new homes and anticipates that through building new homes and acquiring properties "off the shelf" this will result in an increase in its property portfolio of some 100 units over the next 5 years.

Development Opportunities

The Association is currently developing 11 units, in partnership with Kingdom Housing Association, at Millers Lade Avenue in Sauchie.

The Association also owns land at Elm Grove, Alloa and as part of a mixed tenure development will provide 35 social rented properties the majority of which will be family sized accommodation including some wheelchair provision. Due to increased resource allocation for Clackmannanshire the programme for achieving a site start has been brought forward to February/March 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.

Services to Existing Tenants

Despite renewed development activity the Association remains equally focused on services to existing tenants (and other service users) and investment in existing homes.

Rent Affordability/ Value for Money

Increasing concern over the long term affordability of RSL rents has been expressed in recent years by the SHR where they regard rent policies showing above inflationary rent increases year on year as being unsustainable.

The Associations rent policy clearly states affordability as a key consideration of the annual rent review process although obtaining the necessary data on which to accurately measure this is difficult.

For 2018/19, the Association has been able to restrict base rent increases to an inflation-only increase of 2.95%.

In terms of tenant opinion the most recent satisfaction survey showed that 70% of tenants felt that the Association's rents were value for money.

This is, therefore, an area where the Association will require to monitor very closely and ensure that any rent increase is necessary and can be clearly justified.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

Review of Business and Future Developments (Continued)

Collaborative Working

In conjunction with our Strath For partners - Forth and Rural Stirling Housing Associations, the Association continued to collaborate on activities aimed at increasing the efficiency and effectiveness of each organisation

A collaborative working agreement is also still in place with Kingdom Housing Association and this relates to the administration of the Association's new build development programme.

Financial Management

The budget for 2018/19 was approved by the Management Committee at their meeting on 22nd February 2018. Following consultation with our tenants, the Committee made a decision to restrict the rent increase for the year to 2.95%. Despite this, the budget allows for substantial investment in our properties and services during the year with total maintenance expenditure anticipated of £1.9m.

The budget for 2018/19 shows that a surplus of £1.2 million is expected to arise and this will result in a net assets figure of around £8.2 million at the end of the financial year. Cash balances are expected to remain healthy during the year and loan covenants are expected to be met.

Operating Financial Review

Financial Review

The Association reports an operating surplus of £1.4m during the year and this was greater than the budgeted surplus of £385K. 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 £80K 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.

The exceptional item of £1,491,596 reported in the Statement of Comprehensive Income relates to breakage costs incurred when refinancing the fixed rate loan.

Net assets have reduced during the year from £6.6m to £6.1m and this is largely due to the recognition of breakage costs.

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 2018

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 require 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 2014 and the Determination of Accounting Requirements - 2015. 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 2018

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 2018. 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.

Auditors

A resolution to appoint Auditors will be proposed at the Annual General Meeting.

By order of the Management Committee


GEORGE TAINSH

Secretary

26 July 2018

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 8 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Our Regulatory Framework' 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 8 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Our Regulatory Framework' 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 'Our Regulatory Framework' 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
26 July 2018



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 2018 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 2018 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 2014 and the Determination of Accounting Requirements 2015.

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 7, 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 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
26 July 2018



Alexander Sloan
Accountants and Business Advisers

OCHIL VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		£	£
REVENUE	2	6,820,891	6,823,905
Operating Costs	2	(5,376,518)	(6,062,844)
OPERATING SURPLUS		1,444,373	761,061
Loss On Sale Of Housing Stock	7	(952)	-
Exceptional Item	25	(1,491,596)	-
Interest Receivable and Other Income		54,456	68,667
Interest Payable and Similar Charges	8	(535,524)	(514,073)
Other Finance Income / (Charges)	11	(2,946)	(54,187)
		(1,976,562)	(499,593)
(DEFICIT) / SURPLUS FOR THE YEAR	9	(532,189)	261,468
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		(532,189)	261,468

The notes on pages 16 to 29 form part of these financial statements.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018		2017
		£	£	£
NON-CURRENT ASSETS				
Housing Properties - Depreciated Cost	12 (a)		57,077,281	58,524,564
Other Non-current Assets	12 (b)		449,650	464,687
			<u>57,526,931</u>	<u>58,989,251</u>
CURRENT ASSETS				
Receivables	15.	444,329	465,532	
Cash at bank and in hand		8,720,926	7,791,124	
		<u>9,165,255</u>	<u>8,256,656</u>	
CREDITORS: Amounts falling due within one year	16	<u>(1,683,279)</u>	<u>(1,258,441)</u>	
NET CURRENT ASSETS			<u>7,481,976</u>	<u>6,998,215</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>65,008,907</u>	<u>65,987,466</u>
CREDITORS: Amounts falling due after more than one year	17		<u>(26,855,655)</u>	<u>(26,333,137)</u>
DEFERRED INCOME				
Social Housing Grants	19	(31,328,986)	(32,275,711)	
Other Grants	19	(762,936)	(785,096)	
		<u>(32,091,922)</u>	<u>(33,060,807)</u>	
NET ASSETS			<u>6,061,330</u>	<u>6,593,522</u>
EQUITY				
Share Capital	20		47	50
Revenue Reserves			6,061,283	6,593,472
			<u>6,061,330</u>	<u>6,593,522</u>



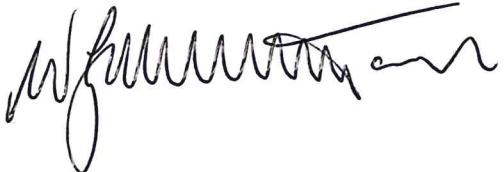
The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 26 July 2018.

Committee member

Committee member

Secretary

The notes on pages 16 to 29 form part of these financial statements.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		£	£
Net cash inflow from operating activities	18	2,311,843	1,330,341
Investing Activities			
Acquisition and Construction of Properties	(546,620)	(894,827)	
Purchase of Other Fixed Assets	(7,769)	(14,366)	
Social Housing Grant Received	109,300	374,868	
Net cash outflow from investing activities		(445,089)	(534,325)
Financing Activities			
Loan Redemption Payments	-	68,667	
Interest Received on Cash and Cash Equivalents	54,456	-	
Interest Paid on Loans	(535,524)	(514,073)	
Loan Principal Repayments	(455,884)	(455,884)	
Share Capital Issued	-	3	
Net cash outflow from financing activities		(936,952)	(901,287)
Increase / (decrease) in cash		929,802	(105,271)
Opening Cash & Cash Equivalents		7,791,124	7,896,395
Closing Cash & Cash Equivalents		<u>8,720,926</u>	<u>7,791,124</u>
Cash and Cash equivalents as at 31 March			
Cash		<u>8,720,926</u>	<u>7,791,124</u>

The notes on pages 16 to 29 form part of these financial statements.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1 April 2016	50	6,332,004	6,332,054
Issue of Shares	3	-	3
Cancellation of Shares	(3)	-	(3)
Surplus for the year	-	261,468	261,468
Balance as at 31 March 2017	<u>50</u>	<u>6,593,472</u>	<u>6,593,522</u>
Balance as at 1 April 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	<u>47</u>	<u>6,061,283</u>	<u>6,061,330</u>

The notes on pages 16 to 29 form part of these financial statements.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 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 2015. 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 asset to which it relates.

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme and 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 Associations taken as a whole. The Association has moved from the Defined Benefit scheme to the Scottish Housing Association Defined Contribution Scheme.

The Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for the high quality corporate bond.

The expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

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 2018 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	25.00%

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 Board of Management 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 2018 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

In March 2018 the Association received details from the Pension Trust of the valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions. The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Management Committee feels this is the best available estimate of the past service liability.

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 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Notes	2018			2017		
	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities 3	6,758,197	5,292,115	1,466,082	6,770,509	5,987,970	782,539
Other Activities 4	62,694	84,403	(21,709)	53,396	74,874	(21,478)
Total	6,820,891	5,376,518	1,444,373	6,823,905	6,062,844	761,061

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared Ownership £	2018 Total £	2017 Total £
Revenue from Lettings				
Rent receivable net of service charges	5,670,697	48,172	5,718,869	5,550,352
Gross income from rent and service charges	5,670,697	48,172	5,718,869	5,550,352
Less: Rent losses from voids	28,138	-	28,138	26,901
Net Rents Receivable	5,642,559	48,172	5,690,731	5,523,451
Grants released from deferred income	874,807	15,125	889,932	1,167,449
Revenue grants from Scottish Ministers	177,534	-	177,534	79,609
Total turnover from affordable letting activities	6,694,900	63,297	6,758,197	6,770,509
Expenditure on affordable letting activities				
Management and maintenance administration costs	1,574,564	30,679	1,605,243	1,578,572
Service Costs	106,493	7,403	113,896	128,940
Planned and cyclical maintenance, including major repairs	1,029,199	-	1,029,199	1,585,090
Reactive maintenance costs	612,558	-	612,558	633,313
Bad Debts - rents and service charges	80,227	-	80,227	9,187
Depreciation of affordable let properties	1,847,556	3,436	1,850,992	2,052,868
Operating costs of affordable letting activities	5,250,597	41,518	5,292,115	5,987,970
Operating surplus on affordable letting activities	1,444,303	21,779	1,466,082	782,539
2017	776,160	6,379		

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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) 2018	Operating Surplus / (Deficit) 2017
	£	£	£	£	£	£
Factoring	14,907	14,907	-	14,315	592	373
Contracted out services undertaken for other organisations	30,803	30,803	-	26,248	4,555	(759)
Other activities	-	-	-	-	-	(21,092)
Rechargeable repairs	16,984	16,984	43,840	-	(26,856)	-
Total From Other Activities	62,694	62,694	43,840	40,563	(21,709)	(21,478)
2017	53,396	53,396	35,435	39,439	(21,478)	

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 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

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

£60,001 to £70,000

£70,001 to £80,000

£80,001 to £90,000

	2018	2017
	£	£
	61,283	63,783
	14,845	13,718
	62,998	65,590
	226,355	226,230
	Number	Number
	2	1
	1	1
	-	-

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

	2018	2017
	No.	No.
	24	24
	26	26
	£	£
	835,220	842,985
	85,360	86,636
	120,010	117,421
	1,040,590	1,047,042

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. LOSS ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales Proceeds	(952)	-
Cost of Sales	-	-
Loss On Sale Of Housing Stock	<u>(952)</u>	<u>-</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2018	2017
	£	£
On Bank Loans & Overdrafts	<u>535,524</u>	<u>514,073</u>

9. (DEFICIT) / SURPLUS FOR THE YEAR

	2018	2017
	£	£
(Deficit) / Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	1,862,684	2,056,140
Auditors' Remuneration - Audit Services	10,545	10,443
Operating Lease Rentals - Other	2,549	3,792
Loss on sale of fixed assets	<u>949</u>	<u>-</u>

10. TAX ON (DEFICIT) / SURPLUS 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

	2018	2017
	£	£
Unwinding of Discounted Liabilities	<u>2,946</u>	<u>54,187</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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 2017	77,975,459	527,648	1,106,014	79,609,121
Additions	526,620	-	-	526,620
Disposals	(231,277)	(142,911)	-	(374,188)
Transfer of Shared ownership	69,537	-	(49,537)	20,000
As at 31 March 2018	<u>78,340,339</u>	<u>384,737</u>	<u>1,056,477</u>	<u>79,781,553</u>
DEPRECIATION				
As at 1 April 2017	20,773,162	-	311,395	21,084,557
Charge for Year	1,822,771	-	17,107	1,839,878
Transfer of Shared ownership	13,671	-	(13,671)	-
Disposals	(220,163)	-	-	(220,163)
As at 31 March 2018	<u>22,389,441</u>	<u>-</u>	<u>314,831</u>	<u>22,704,272</u>
NET BOOK VALUE				
As at 31 March 2018	<u>55,950,898</u>	<u>384,737</u>	<u>741,646</u>	<u>57,077,281</u>
As at 31 March 2017	<u>57,202,297</u>	<u>527,648</u>	<u>794,619</u>	<u>58,524,564</u>

Additions to housing properties include capitalised development administration costs of £Nil (2017 - £Nil) and capitalised major repair costs to existing properties of £400,620 (2017 - £360,952).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £2,168,377 (2017 - £1,638,531). The amount capitalised is £526,620 (2017 - £360,952) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £400,620 (2017 - £360,952) and improvement of £126,000 (2017 - £0).

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

The Association's Lenders have standard securities over Housing Property with a carrying value of £26,582,156 (2017 - £27,143,092).

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
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 2017	902,230	33,786	50,559	986,575
Additions	-	7,313	456	7,769
Eliminated on Disposals	-	-	-	-
As at 31 March 2018	<u>902,230</u>	<u>41,099</u>	<u>51,015</u>	<u>994,344</u>
AGGREGATE DEPRECIATION				
As at 1 April 2017	474,728	15,196	31,964	521,888
Charge for year	5,938	7,894	8,974	22,806
Eliminated on Disposals	-	-	-	-
As at 31 March 2018	<u>480,666</u>	<u>23,090</u>	<u>40,938</u>	<u>544,694</u>
NET BOOK VALUE				
As at 31 March 2018	<u>421,564</u>	<u>18,009</u>	<u>10,077</u>	<u>449,650</u>
As at 31 March 2017	<u>427,502</u>	<u>18,590</u>	<u>18,595</u>	<u>464,687</u>

13. CAPITAL COMMITMENTS

	2018 £	2017 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	£nil	£nil

The above commitments will be financed by a mixture of public grant, private finance and the Association's own resources.

14. COMMITMENTS UNDER OPERATING LEASES

	2018 £	2017 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Other		
Not later than one year	2,548	2,548
Later than one year and not later than five years	<u>6,582</u>	<u>9,130</u>

15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Arrears of Rent & Service Charges	281,787	211,900
Less: Provision for Doubtful Debts	<u>(261,615)</u>	<u>(197,162)</u>
	20,172	14,738
Social Housing Grant Receivable	-	46,300
Other Receivables	<u>424,157</u>	<u>404,494</u>
	<u>444,329</u>	<u>465,532</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Housing Loans	799,078	455,884
Trade Payables	133,924	143,953
Rent Received in Advance	96,420	102,362
Social Housing Grant in Advance	49,286	49,286
Other Payables	431,571	338,956
Liability for Past Service Contributions	173,000	168,000
	<u>1,683,279</u>	<u>1,258,441</u>

At the balance sheet date there were pension contributions outstanding of £0 (2017 - £Nil).

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

	2018 £	2017 £
Liability for Past Service Contributions	515,000	685,000
Housing Loans	26,340,655	25,648,137
	<u>26,855,655</u>	<u>26,333,137</u>
Housing Loans		
Amounts due within one year	799,078	455,884
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	3,740,428	2,740,428
Amounts due in more than five years	21,686,751	21,994,233
	<u>27,139,733</u>	<u>26,104,021</u>
Less: Amount shown in Current Liabilities	799,078	455,884
	<u>26,340,655</u>	<u>25,648,137</u>
Liability for Past Service Contributions		
Amounts due within one year	173,000	168,000
Amounts due in one year or more but less than two years	178,000	173,000
Amounts due in two years or more but less than five years	337,000	512,000
	<u>688,000</u>	<u>853,000</u>
Less: Amount shown in Current Liabilities	173,000	168,000
	<u>515,000</u>	<u>685,000</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.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 1.51% (2017 - 1.06%).

Due to lenders at the year end	25,648,137	26,104,021
Effective interest rate adjustment	1,491,596	-
Loans at amortised cost using the effective interest rate	<u>27,139,733</u>	<u>26,104,021</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2018 £	2017 £
Operating Surplus	1,444,373	761,061
Depreciation	1,873,798	2,074,205
Amortisation of Capital Grants	(889,923)	(1,167,746)
Change in debtors	(25,097)	(210,933)
Change in creditors	(88,359)	(72,056)
Unwinding of Discount on Pension Liability	(2,946)	(54,187)
Share Capital Written Off	(3)	(3)
Net cash inflow from operating activities	<u>2,311,843</u>	<u>1,330,341</u>

19. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
Social Housing Grants				
As at 1 April 2017	31,099,345	526,660	649,706	32,275,711
Additions in the year	63,000	-	-	63,000
Eliminated on disposal of components and property	-	(141,962)	-	(141,962)
As at 31 March 2018	<u>31,162,345</u>	<u>384,698</u>	<u>649,706</u>	<u>32,196,749</u>
Amortisation				
As at 1 April 2017	-	-	-	-
Amortisation in year	853,307	-	14,456	867,763
Eliminated on disposal	-	-	-	-
As at 31 March 2018	<u>853,307</u>	<u>-</u>	<u>14,456</u>	<u>867,763</u>
Net Book Value				
As at 31 March 2018	<u>30,309,038</u>	<u>384,698</u>	<u>635,250</u>	<u>31,328,986</u>
As at 31 March 2017	<u>31,099,345</u>	<u>526,660</u>	<u>649,706</u>	<u>32,275,711</u>
Other Grants				
As at 1 April 2017	755,319	-	29,777	785,096
Additions in the year	-	-	-	-
As at 31 March 2018	<u>755,319</u>	<u>-</u>	<u>29,777</u>	<u>785,096</u>
Amortisation				
As at 1 April 2017	-	-	-	-
Amortisation in year	21,500	-	660	22,160
As at 31 March 2018	<u>21,500</u>	<u>-</u>	<u>660</u>	<u>22,160</u>
Net Book Value				
As at 31 March 2018	<u>733,819</u>	<u>-</u>	<u>29,117</u>	<u>762,936</u>
As at 31 March 2017	<u>755,319</u>	<u>-</u>	<u>29,777</u>	<u>785,096</u>
Total grants net book value as at 31 March 2018	<u>31,042,857</u>	<u>384,698</u>	<u>664,367</u>	<u>32,091,922</u>
Total grants net book value as at 31 March 2017	<u>31,854,664</u>	<u>526,660</u>	<u>679,483</u>	<u>33,060,807</u>

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

	2018 £	2017 £
Amounts due within one year	889,923	1,167,746
Amounts due in one year or more	31,201,999	31,893,061
	<u>32,091,922</u>	<u>33,060,807</u>

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2018	2017
	£	£
As at 1 April 2017	50	50
Issued in year	-	3
Cancelled in year	(3)	(3)
At 31 March 2018	<u>47</u>	<u>50</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.

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2018	2017
General Needs - Built by Association	1,373	1,370
Shared Ownership	24	25
	<u>1,397</u>	<u>1,395</u>

22. RELATED PARTY TRANSACTIONS

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

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Management Committee cannot use their position to their advantage. 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 Committeemembers (and their close family) were as follows:

	2018	2017
	£	£
Rent received from tenants on the Management Committee and their close family members	<u>16,698</u>	<u>24,263</u>
Factoring charges received from factored owners on the Management Committee	<u>2,415</u>	<u>2,489</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £nil (2017 - £Nil).

At the year end total factoring arrears owed by the factored owners on the Management Committee (and their close family) were £nil (2017 - £0).

Members of the Management Committee who are tenants	5	5
Members of the Management Committee who are owner occupiers	1	1
Members of the Management Committee who are local authority employees	1	-

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. 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.

24. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £429 (2017 - £595) 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.

25. EXCEPTIONAL ITEM

	2018 £	2017 £
Loan breakage costs	1,491,596	-

Loan breakage costs were incurred when the fixed rate loan of £10m was renegotiated with the bank. The costs were embedded into a new fixed rate which was put in place for 15 years.

OCHIL VIEW HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 RETIREMENT BENEFIT OBLIGATIONS

General

Ochil View Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

The last valuation of the Scheme was performed as at 30th 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%).

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 re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £688,000 (2017 - £853,000). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.51% (2017 - 1.06%).

The Association made payments totalling £166,238 (2017- £161,396) to the pension scheme during the year.