



# **ALBYN HOUSING SOCIETY LTD**

## **ANNUAL FINANCIAL REPORT TO THE MEMBERS**

Shannon Watson  
Finance & Corporate Services Manager  
13 September 2016

## There have been a number of changes to our accounts this year:

The Society adopted a new Financial Reporting Standard (FRS102) and a new Statement of Recommended Practice for Registered Social Landlords (SORP14).

All of the changes we made were designed to make our accounts more comparable with our peers, other organisations in different sectors, and organisations in other countries.

- This means that there have been some cosmetic changes to the names of the key statements in the accounts and the detail in the notes;
- We have changed the way we calculate the Deficit for Past Service on the closed Defined Benefit pension scheme; but
- The biggest change has been how we account for our Homes held for Affordable Housing:
  - Before the change to the accounts, the Grants which we received to help us build Affordable Housing were accounted for as a reduction in the carrying value of our Affordable Housing properties;
  - These Grants are now shown as long term liabilities on the Statement of Financial Position and amortised over the life of the houses and their components, with no allocation of grant value to the land element of the houses;
  - This means that we have an extra item in our Turnover on the Statement of Comprehensive Income, and the Depreciation of the houses is now higher because the cost has not been reduced by the value of the grant.
- A summary of three years' accounts is below with the changed values highlighted in **red**.

# Our Results for the Three Years Ended 31 March 2016

## Statement of Comprehensive Income

	Year Ended		
	31-Mar-14	31-Mar-15	31-Mar-16
	£000s	£000s	£000s
Turnover generated by:			
Affordable Letting Activities			
Reported Historically	11,130	11,588	11,856
Amortisation of Capital Grants	-	<b>2,315</b>	<b>2,332</b>
	11,130	13,903	14,188
Development Activities	500	256	185
Other Activities	95	101	-
	11,725	14,260	14,373
Property Sales (LIFT)	2,779	-	1,630
	14,504	14,260	16,003
Operating Surplus generated	2,530	<b>3,810</b>	<b>3,366</b>
<i>Operating surplus as % of Turnover excl LIFT</i>	21.6%	26.7%	23.4%
Sales of Fixed Assets	95	161	271
Interest Paid less Received	(1,753)	(1,963)	(1,856)
Interest Capitalised to Assets	200	-	103
Surplus / (Deficit) for the year before Pension Deficit	1,072	2,008	1,884
Cost of Depreciation charged against Operating Surplus	2,039	<b>3,482</b>	<b>3,708</b>
Gift Aid Receivable from AEL	-	25	50

# Our Financial Position for the Three Years Ended 31 March 2016

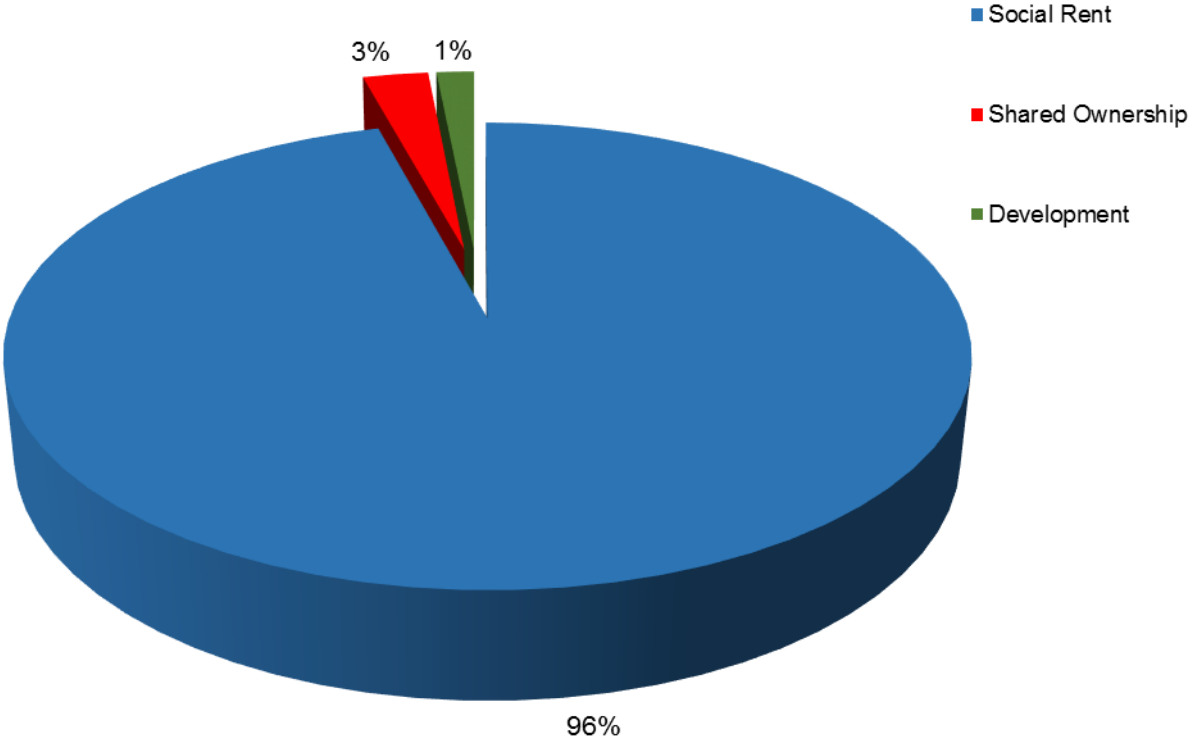
## Statement of Financial Position

	Year Ended		
	31-Mar-14	31-Mar-15	31-Mar-16
<i>( ) = Liabilities</i>	£000s	£000s	£000s
Social Housing Assets			
Complete	58,519	<b>187,560</b>	<b>192,538</b>
In Progress	3,386	<b>10,764</b>	<b>8,151</b>
Net Current Assets	2,373	1,914	1,838
Bank Loans	(54,815)	(53,851)	(55,987)
<b>Capital Grants</b>	-	<b>(126,887)</b>	<b>(127,262)</b>
Provisions incl Pension Past Service Deficit	(5,201)	(4,963)	(5,181)
Capital and Reserves	7,886	<b>20,010</b>	<b>21,894</b>

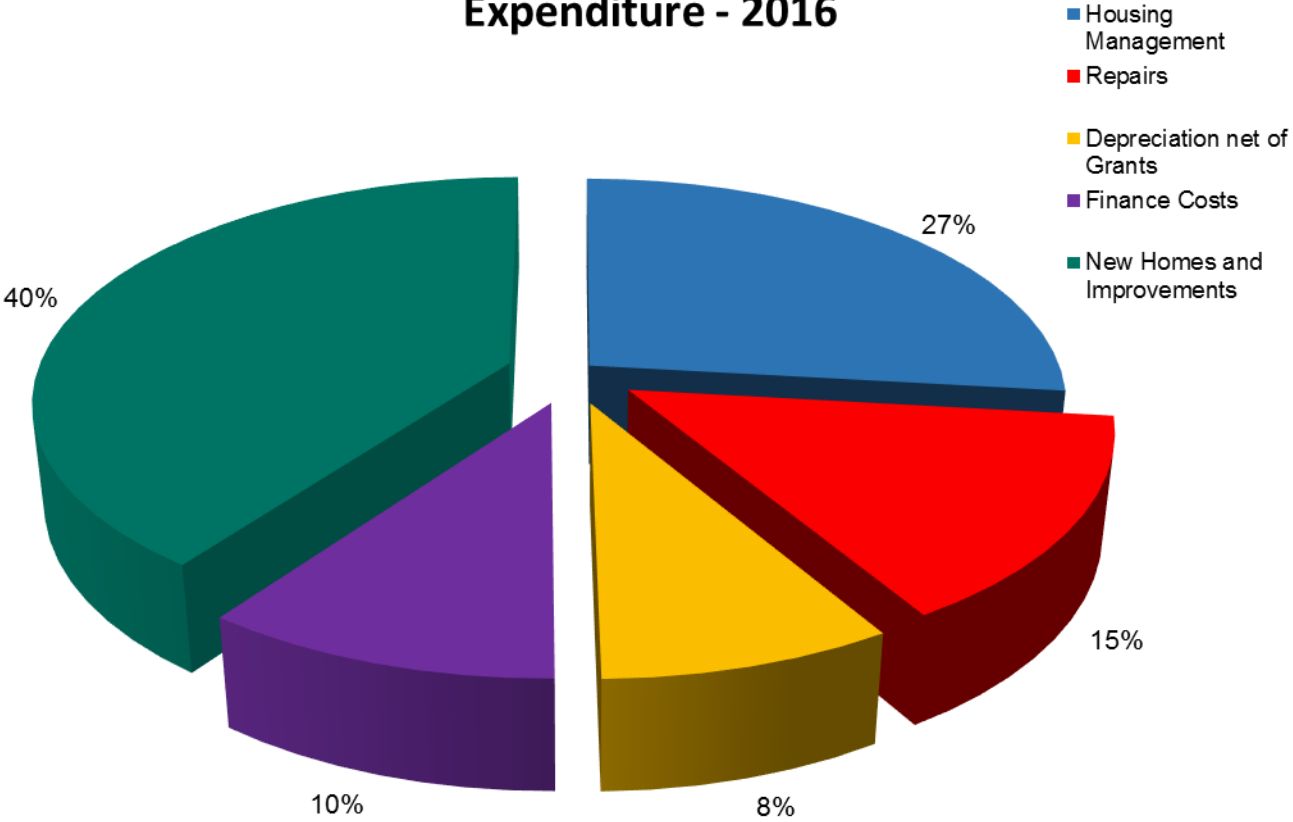
All of the changes made to the accounts were back-dated so that the comparative numbers (for the year ended 31 March 2015) were restated at the same time.

Despite all of the changes made to the accounts and the positive impact on the Reserves of the Society that these changes had, the cash generated by our activities has not changed.

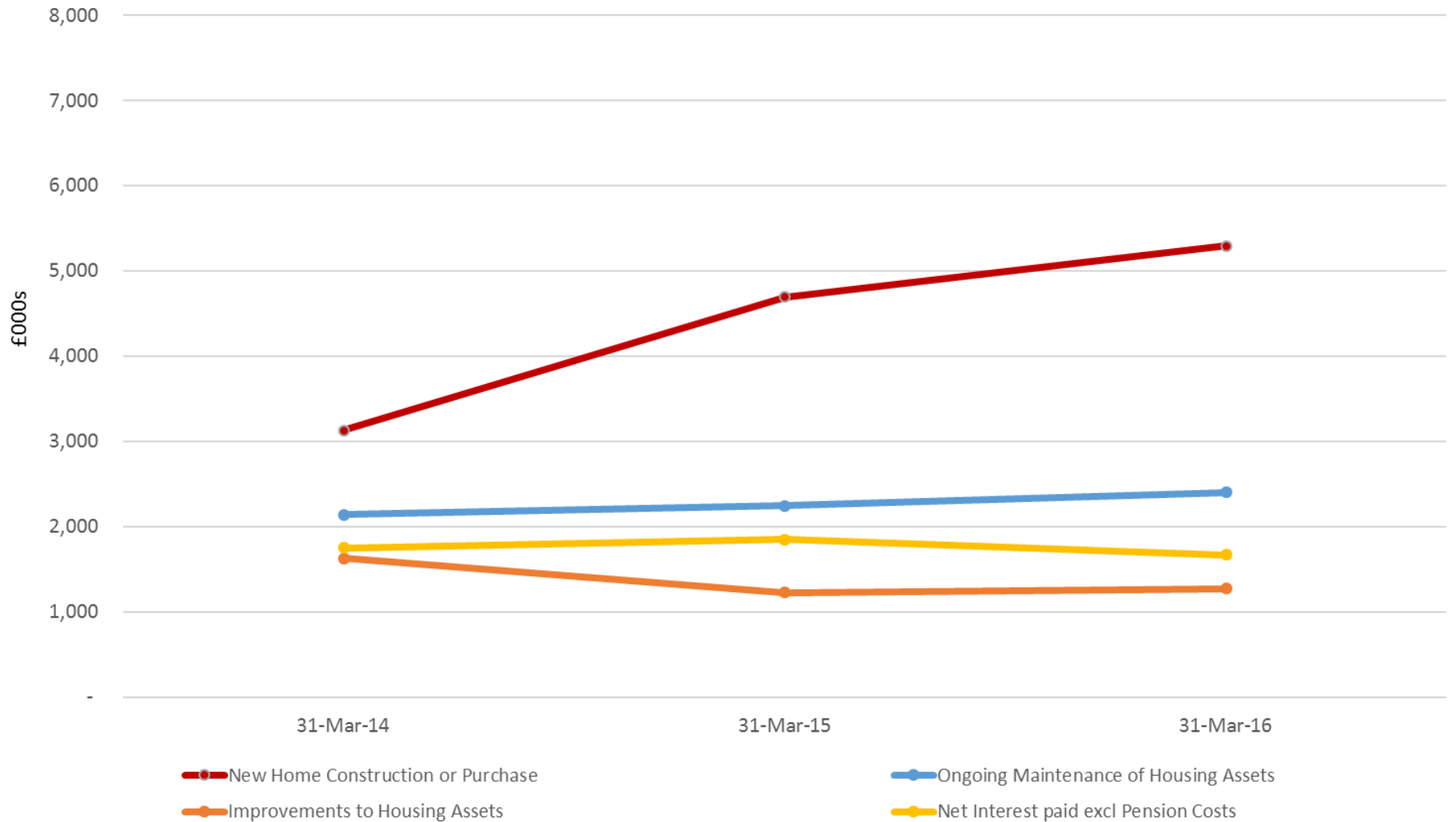
# Income - 2016



# Expenditure - 2016



# Major Outgoings on Properties for the Three Years Ended 31 March 2016



## What's Next for the Year Ending 31 March 2017 and onwards?

- The Board has agreed to increase its development programme from 500 to 750 affordable houses over the next five years; the fundraising exercise to finance these new homes is taking place in the second half of 2016.
- We have been working hard to improve our processes for managing our Arrears and as the new Customer Services teams with smaller patches settle in, we will continue the Society's drive to bring our arrears down and manage the impact of the introduction of Universal Credit for our tenants.
- We are reviewing our Repairs processes in Customer Services and assessing our Contractors to ensure we are getting best value for money.
- We implemented a Mobile Working process and devices for our Officers and we will continue to help our Officers to be out and about in their patches.
- Continuing collaboration with partner organisations to deliver welfare and energy advice to social tenants in the Highlands.
- Finally, our ICT strategy highlighted that we need to consider the future of our core Housing Management software and we will be working to explore our options over the coming months.