

Faifley Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2014

Registered Housing Association No.HCB237

FCA Reference No. 2384R(S)

Scottish Charity No. SC037273

FAIFLEY HOUSING ASSOCIATION LIMITED

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MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2014

MANAGEMENT COMMITTEE

Megan Harrison	Chairperson
Jacqueline Lorimer	Vice-Chairperson
Paula Cardno	Secretary
Robert King	Treasurer
Dorothy Drennan	
Alan Tomkinson	Resigned 25/03/14
Jim Finn	
Margaret Prowse	Resigned 24/06/14
Marion Benson	
Elaine McCabe	
Rose McGachy	
Rose Ferguson	
Isobel McAuley	

EXECUTIVE OFFICERS

Philip Burbidge	Director
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REGISTERED OFFICE

Skypoint
Lennow Drive
Faifley
Clydebank
G81 5JY

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Royal Bank of Scotland
13 Rockbank Place
Hardgate
Clydebank

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

FINANCE AGENTS

FMD Financial Services Ltd
Ladyloan Place
Glasgow
G15 8LB

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2014**

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2014.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2384R(S). The Association is constituted under its Rule Book. The Association is a registered Scottish Charity with the charity number SC037273.

Principal Activities

The principal activities of the Association are the provision and management of good quality affordable rented accommodation in Faifley.

Review of Business and Future Developments

The Association made a surplus of £332,529 during the year compared to a surplus of £204,229 in the year to 31 March 2013 and had capital and reserves of £2,671,208 at the year end. The total expenditure on cyclical and major repairs work amounted to £90,316 and £139,887 was spend on reactive and void repairs throughout the year.

The Association is in a healthy financial position with just over £1.6m cash in the bank which will enable the Association to fulfil our major repairs and cyclical programme for the foreseeable future.

During the year the Associations Management Committee comprised of 13 members.

We continue to provide Maintenance Officer services to Kingsridge Cleddans Housing Association.

The Association in partnership with other local Housing Associations continue to provide a welfare rights service to our residents through our partnership with the Clydebank Information and Resource Centre.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2014**

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 Societies 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 judgments 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 2012. 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.

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2014**

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;
- regular 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;
- 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.

Donations

During the year the Association made charitable donations amounting to £250 (2013 - £550).

Auditors

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

By order of the Management Committee

PAULA CARDNO
Secretary
26 August 2014



REPORT BY THE AUDITORS TO THE MANAGEMENT COMMITTEE OF
FAIFLEY HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 concerning the Association's compliance with the information required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing".

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 4 has provided the disclosures required by the section on Internal Financial Control within SFHA's publication "Raising Standards in Housing" 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 section on Internal Financial Control within SFHA's "Raising Standards in Housing".



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
26 August 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIFLEY HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Faifley Housing Association Limited for the year ended 31st March 2014 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Management Committee and Auditors

As explained more fully in the Statement of Management Committee's Responsibilities the Association's Management Committee, are responsible for the preparation of the Financial Statements that give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit on the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FAIFLEY HOUSING ASSOCIATION LIMITED**

Matters on which we are required to report by exception (contd.)

- 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 Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
26 August 2014

FAIFLEY HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2014

	Notes	2014 £	2013 £
TURNOVER	2.	1,305,609	1,270,175
Operating Costs	2.	(882,677)	(932,475)
OPERATING SURPLUS	9.	422,932	337,700
Gain On Sale Of Housing Stock	7.	39,749	-
Interest Receivable and Other Income		14,876	19,872
Interest Payable and Similar Charges	8.	(145,028)	(153,343)
		(90,403)	(133,471)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		332,529	204,229
Tax on surplus on ordinary activities	10.	-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		332,529	204,229

All amounts relate to continuing activities.

Historical cost surpluses and deficits are identical to those shown in the accounts.

FAIFLEY HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2014

	Notes	£	2014 £	£	2013 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		27,001,350		27,101,531
Less: Social Housing Grant	11.(a)		(22,721,068)		(22,765,151)
: Other Public Grants	11.(a)		(95,375)		(99,500)
			<hr/>		<hr/>
			4,184,907		4,236,880
Other fixed assets	11.(b)		22,354		20,724
			<hr/>		<hr/>
			4,207,261		4,257,604
CURRENT ASSETS					
Debtors	13.	80,667		78,713	
Investments	21.	925,809		659,145	
Cash at bank and in hand		690,404		779,320	
		<hr/>		<hr/>	
		1,696,880		1,517,178	
CREDITORS: Amounts falling due within one year					
	14.	(276,147)		(324,663)	
		<hr/>		<hr/>	
NET CURRENT ASSETS			1,420,733		1,192,515
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,627,994		5,450,119
			<hr/>		<hr/>
CREDITORS: Amounts falling due after more than one year					
	15.	(2,956,786)		(3,111,442)	
		<hr/>		<hr/>	
NET ASSETS			2,671,208		2,338,677
			<hr/>		<hr/>
CAPITAL AND RESERVES					
Share Capital	17.		64		62
Designated Reserves	18.(a)		1,592,588		1,337,364
Revenue Reserves	18.(b)		1,078,556		1,001,251
			<hr/>		<hr/>
			2,671,208		2,338,677
			<hr/>		<hr/>

The Financial Statements were approved by the Management Committee and signed on their behalf on 26 August 2014.

Chairperson

M. Harrison

Vice-Chairperson

G. Porini

Secretary

Paula Cribb

FAIFLEY HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2014

	Notes	2014 £	2013 £
Net Cash Inflow from Operating Activities	16.	532,664	413,675
Returns on Investment and Servicing of Finance			
Interest Received	14,876	22,172	
Interest Paid	(145,028)	(157,108)	
Net Cash Outflow from Investment and Servicing of Finance		(130,152)	(134,936)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties	(111,945)	(202,408)	
Purchase of Other Fixed Assets	(13,128)	(22,112)	
Proceeds on Disposal of Properties	51,229	-	
Net Cash Outflow from Capital Expenditure and Financial Investment		(73,844)	(224,520)
Net Cash Inflow before use of Liquid Resources and Financing		328,668	54,219
Management of Liquid Resources			
Change in short term deposits with banks		(266,664)	(151,486)
Financing			
Loan Principal Repayments	(150,922)	(145,565)	
Share Capital Issued	2	-	
Net Cash Outflow from Financing		(150,920)	(145,565)
Decrease in Cash	16.	(88,916)	(242,832)

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

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 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefit 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.

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and 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 11. 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.

<i>Component</i>	<i>Useful Economic Life</i>
Kitchen Units	15 years
Central Heating Boilers	15 years
Door Entry Systems	20 years
Floor Coverings	20 years
Timber Crib Walls	20 years
Gutters and Downpipes	30/40 years
External Lovres	25 years
Timber Fencing	25/30 years
Central Heating Radiators	30 years
Deck Access Coverings	30 years
Rewiring	30 years
Bathroom Fittings	30 years
Shelving Ducts and Panels	30 years
Tiling	40 years
Window Replacement	40 years
Handrails	40 years
Roughcast and Render	40 years
Roof Coverings	40 years
Structure	50 years

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Fixed Assets

Other Fixed 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:-

Office Premises	-25%
Furniture and Fittings	-25%
Vehicles	-25%
Office Equipment	-25%

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account 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 fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

Disposals under shared equity schemes are accounted for in the Income and Expenditure Account. The remaining equity in the property is treated as a fixed asset investment, which is matched with the grant received.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

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

Capitalisation Of Development Overheads

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

Designated Reserves

The Association has designated part of its reserves to meet its long term obligations.

The Cyclical Maintenance Reserve has been designated to meet future repair and maintenance obligations which are cyclical in nature. These are carried out in accordance with a planned programme of works.

The Major Repairs Reserve is based on the Association's liability to maintain housing properties in a state of repair which at least maintains their residual values in prices prevailing at the time of acquisition and construction.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Income and Expenditure Account in accordance with the Statement of Recommended Practice.

Property developments that are intended for resale are included in current assets until disposal.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

		2014			2013		
	Notes	Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3.	1,291,089	864,957	426,132	1,258,597	913,355	345,242
Other Activities	4.	14,520	17,720	(3,200)	11,578	19,120	(7,542)
Total		1,305,609	882,677	422,932	1,270,175	932,475	337,700

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	Supported Housing	Shared ownership	2014 Total	2013 Total
	£	£	£	£	£
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	1,204,077	43,590	-	1,247,667	1,213,812
Service Charges Receivable	26,402	8,144	-	34,546	33,737
Gross Rents Receivable	1,230,479	51,734	-	1,282,213	1,247,549
Less: Rent losses from voids	3,489	-	-	3,489	3,874
Net Rents Receivable	1,226,990	51,734	-	1,278,724	1,243,675
Revenue Grants from Scottish Ministers	-	-	-	-	14,922
Revenue Grants From Local Authorities and Other Agencies	12,365	-	-	12,365	-
Total Income From Social Letting	1,239,355	51,734	-	1,291,089	1,258,597
Expenditure on Social Letting Activities					
Service Costs	28,540	5,754	-	34,294	44,261
Management and maintenance administration costs	424,127	15,354	-	439,481	402,162
Reactive Maintenance	133,351	6,536	-	139,887	132,639
Bad Debts - Rents and Service Charges	8,541	-	-	8,541	11,591
Planned and Cyclical Maintenance, including Major Repairs	90,316	-	-	90,316	170,578
Depreciation of Social Housing	149,186	3,252	-	152,438	152,124
Operating Costs of Social Letting	834,061	30,896	-	864,957	913,355
Operating Surplus on Social Letting Activities	405,294	20,838	-	426,132	345,242
2013	323,448	21,794	-		

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers £	Other Revenue Grants £	Supporting People Income £	Other Income £	Total Turnover £	Operating Costs Bad Debts £	Operating Costs Other £	Operating Surplus / (Deficit) 2014 £	Operating Surplus / (Deficit) 2013 £
Wider Role Activities	-	-	-	-	-	-	3,200	(3,200)	(6,935)
Factoring	-	-	-	1,558	1,558	-	1,558	-	(607)
Agency / Management services for other RSLs	-	-	-	12,962	12,962	-	12,962	-	-
Total From Other Activities	-	-	-	14,520	14,520	-	17,720	(3,200)	(7,542)
2013	-	-	-	11,578	11,578	607	18,513	(7,542)	

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Association.

2014	2013
£	£

No Officer of the Association received emoluments greater than £60,000.

Emoluments payable to Chief Executive (excluding pension contributions)	<u>51,989</u>	<u>50,148</u>
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6. EMPLOYEE INFORMATION

	2014	2013
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>6</u>	<u>7</u>
The average total number of Employees employed during the year was	<u>7</u>	<u>8</u>
Staff Costs were:	£	£
Wages and Salaries	209,067	230,982
Social Security Costs	16,725	19,050
Other Pension Costs	42,401	43,967
Temporary, Agency and Seconded Staff	5,024	2,670
	<u>273,217</u>	<u>296,669</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2014	2013
	£	£
Sales Proceeds	51,229	
Cost of Sales	11,480	
Gain On Sale Of Housing Stock	<u>39,749</u>	<u>-</u>

8. INTEREST PAYABLE

	2014	2013
	£	£
On Bank Loans & Overdrafts	<u>145,028</u>	<u>153,343</u>

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014	2013
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	163,936	162,981
Auditors' Remuneration - Audit Services	7,500	7,780
- Other Services	-	330
Operating Lease Rentals - Land & Buildings	9,500	9,500
Operating Lease Rentals - Other	1,785	1,049
Gain on sale of fixed assets	<u>-</u>	<u>-</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1st April 2013	28,431,990	28,431,990
Additions	111,945	111,945
Disposals	(63,901)	(63,901)
As at 31st March 2014	28,480,034	28,480,034
DEPRECIATION		
As at 1st April 2013	1,330,459	1,330,459
Charge for Year	152,438	152,438
Disposals	(4,213)	(4,213)
As at 31st March 2014	1,478,684	1,478,684
SOCIAL HOUSING GRANT		
As at 1st April 2013	22,765,151	22,765,151
Disposals	(44,083)	(44,083)
As at 31st March 2014	22,721,068	22,721,068
OTHER CAPITAL GRANTS		
As at 1st April 2013	99,500	99,500
Disposals	(4,125)	(4,125)
As at 31st March 2014	95,375	95,375
NET BOOK VALUE		
As at 31st March 2014	4,184,907	4,184,907
As at 31st March 2013	4,236,880	4,236,880

Additions to housing properties includes capitalised development administration costs of £nil (2013 - £nil) and capitalised major repair costs to existing properties of £43,205 (2013 £197,730)

All land and housing properties are freehold.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Motor Vehicles £	Office Improvements £	Office Furniture & Equipment £	Total £
COST				
As at 1st April 2013	17,128	4,754	112,666	134,548
Additions	-	-	13,128	13,128
As at 31st March 2014	17,128	4,754	125,794	147,676
AGGREGATE DEPRECIATION				
As at 1st April 2013	4,282	4,754	104,788	113,824
Charge for year	4,282	-	7,216	11,498
As at 31st March 2014	8,564	4,754	112,004	125,322
NET BOOK VALUE				
As at 31st March 2014	8,564	-	13,790	22,354
As at 31st March 2013	12,846	-	7,878	20,724

12. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2014	2013
	£	£
Land and Buildings		
Expiring within one year	9,500	9,500
Other		
Expiring in over five years	1,785	1,785

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. DEBTORS

	2014 £	2013 £
Arrears of Rent & Service Charges	65,935	60,901
Less: Provision for Doubtful Debts	(25,471)	(20,495)
	<u>40,464</u>	<u>40,406</u>
Other Debtors	40,203	38,307
	<u>80,667</u>	<u>78,713</u>

14. CREDITORS: Amounts falling due within one year

	2014 £	2013 £
Housing Loans	154,353	150,618
Trade Creditors	45,522	112,772
Rent in Advance	37,163	30,896
Other Taxation and Social Security	5,153	4,884
Other Creditors	19,410	9,706
Accruals and Deferred Income	14,546	15,787
	<u>276,147</u>	<u>324,663</u>

At the balance sheet date there were pension contributions outstanding of £5,171 (2013 £14,981)

15. CREDITORS: Amounts falling due after more than one year

	2014 £	2013 £
Housing Loans	<u>2,956,786</u>	<u>3,111,442</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	154,353	150,618
Between one and two years	161,429	155,353
Between two and five years	493,329	504,798
In five years or more	<u>2,302,028</u>	<u>2,451,291</u>
	3,111,139	3,262,060
Less: Amount shown in Current Liabilities	<u>154,353</u>	<u>150,618</u>
	<u>2,956,786</u>	<u>3,111,442</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CASH FLOW STATEMENT

Reconciliation of operating surplus to net cash inflow from operating activities

	2014 £	2013 £
Operating Surplus	422,932	337,700
Depreciation	163,936	162,981
Change in Debtors	(1,954)	13,329
Change in Creditors	(52,250)	(100,335)
Net Cash Inflow from Operating Activities	<u>532,664</u>	<u>413,675</u>

Reconciliation of net cash flow to movement in net debt

	2014 £	£	2013 £	£
Decrease in Cash	(88,916)		(242,832)	
Cash flow from management of liquid resources	266,664		151,486	
Cash flow from change in debt	150,921		145,565	
Movement in net debt during year		328,669		54,219
Net debt at 1st April 2013		(1,823,595)		(1,877,814)
Net debt at 31st March 2014		<u>(1,494,926)</u>		<u>(1,823,595)</u>

Analysis of changes in net debt

	At 01.04.13 £	Cash Flows £	Other Changes £	At 31.03.14 £
Cash at bank and in hand	779,320	(88,916)		690,404
Liquid Resources	779,320	(88,916)		690,404
Debt: Due within one year	659,145	(266,664)		925,809
Due after more than one year	(150,618)	150,921	(154,656)	(154,353)
	<u>(3,111,442)</u>	-	154,656	<u>(2,956,786)</u>
Net Debt	<u>(1,823,595)</u>	<u>(204,659)</u>	-	<u>(1,494,926)</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2013	62
Issued in year	2
Cancelled in year	-
At 31st March 2014	<u>64</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.

18. RESERVES

(a) Designated Reserves	Cyclical Maintenance £	Major Repairs £	Total £
At 1st April 2013	101,593	1,235,771	1,337,364
Transfer to / (from) Revenue Reserves	(101,593)	356,817	255,224
At 31st March 2014	<u>-</u>	<u>1,592,588</u>	<u>1,592,588</u>
(b) Revenue Reserves			Total £
At 1st April 2013			1,001,251
Surplus for the year			332,529
Transfer (to) / from Designated Reserves			(255,224)
At 31st March 2014			<u>1,078,556</u>

19. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2014 No.	2013 No.
General Needs - New Build	223	223
- Rehabilitation	106	106
Supported Housing	11	11
	<u>340</u>	<u>340</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Management Committee, as at 31 March 2014, is summarised as follows:

6 members are tenants of the Association

4 members are factored owners

1 member is a relevant local councillor

Those members that 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.

Governing Body Members cannot use their position to their advantage. Any transactions between the Association and any entity with which a Governing Body Member has a connection with is made at arm's length and is under normal commercial terms.

21. CURRENT ASSET INVESTMENTS

	2014	2013
	£	£
Short Term Deposits	925,809	659,145

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RETIREMENT BENEFIT OBLIGATIONS

General

Faifley Housing Association Limited participates 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.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Career average revalued earnings with a 1/80th accrual rate
- Career average revalued earnings with a 1/120th accrual rate, contracted in

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Faifley Housing Association Limited has elected to operate the Final salary with a 1/60th accrual rate for all staff from 1st April 2014.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Faifley Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were 9.6%.

As at the balance sheet date there were 6 active members of the Scheme employed by Faifley Housing Association Limited. The annual pensionable payroll in respect of these members was £204,656. Faifley Housing Association Limited continues to offer membership of the Scheme to its employees.

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 FRS17 represents the employer contribution payable.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th September 2012 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (equivalent to a past service funding level of 56.4%).

Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% p.a.
- Investment return pre-retirement	5.3
- Investment return post-retirement - non pensioners	3.4
- Investment return post-retirement - pensioners	3.4
- Rate of Salary increases	4.1
- Rate of price inflation:	
RPI	2.6
CPI	2.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable salaries)</i>
Final salary - 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Trustees have recently supplied Faifley Housing Association Limited with an updated contribution figure to the past service deficit. From 1 April 2014 Faifley Housing Association Limited will be required to pay £60,870 per annum as a contribution to the past service deficit. This will represent an increase of 168% in Faifley Housing Association Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

As a result of Pension Scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.