

Faifley Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2015

Registered Housing Association No.HCB237

FCA Reference No. 2384R(S)

Scottish Charity No. SC037273

FAIFLEY HOUSING ASSOCIATION LIMITED

CONTENTS

	Page
MEMBERS OF THE MANAGEMENT COMMITTEE EXECUTIVES AND ADVISERS	1
REPORT OF THE MANAGEMENT COMMITTEE	2
REPORT BY THE AUDITORS ON CORPORATE GOVERNANCE MATTERS	5
REPORT OF THE AUDITORS	6
INCOME AND EXPENDITURE ACCOUNT	8
BALANCE SHEET	9
CASH FLOW STATEMENT	10
NOTES TO THE FINANCIAL STATEMENTS	11

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2015

MANAGEMENT COMMITTEE

Megan Harrison	Chairperson
Jacqueline Lorimer	Vice-Chairperson
Paula Cardno	Secretary
Robert King	Treasurer
Dorothy Drennan	
Jim Finn	
Marion Benson	
Elaine McCabe	
Rose McGachy	
Rose Ferguson	
Isobel McAuley	

EXECUTIVE OFFICERS

Philip Burbidge	Director
-----------------	----------

REGISTERED OFFICE

Skypoint
Lennox 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
Ladyloan Place
Glasgow
G15 8LB

**REPORT OF THE MANAGEMENT COMMITTEE
FOR THE YEAR ENDED 31ST MARCH 2015**

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2015.

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 governed 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.

Review of Business and Future Developments

The Association made a surplus of £239,949 in the year to 31 March 2015 compared to a surplus of £332,529 in the previous year. The Association's reserves at March 2015 amounted to £2.911m. The total expenditure on cyclical and major repairs work amounted to £387,000 and included the replacement of Kitchens and new energy efficiency boilers to 47 properties. We also spent £120,000 on reactive and void repairs throughout the year.

The Association continues to remain in a healthy financial position with just over £1.74m cash in the bank which will enable the Association to fulfil our major repairs and cyclical programme for the foreseeable future.

The Association sold 3 properties during the year and we now own and manage 337 rented units and provide factoring service to a further 18 owners.

During the year the Associations Management Committee comprised of 11 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 2015

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

- select suitable accounting policies and then apply them consistently;
- make 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 2015

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:

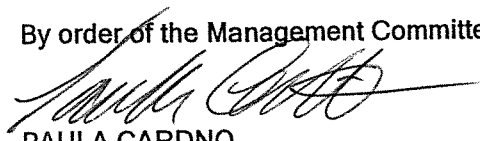
- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility 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 internal financial controls are in place and are effective and that a 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 2015. No weaknesses were found in 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 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

25 August 2015

REPORT BY THE AUDITORS TO THE MEMBERS
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 Regulatory Standards in respect of internal financial controls contained within 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 Financial Reporting Council. 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 relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued 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 relevant Regulatory Standards 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
Chartered Accountants

GLASGOW
25 August 2015

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 2015 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 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 2015 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.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

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
25 August 2015

FAIFLEY HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
TURNOVER	2.		1,332,438		1,305,609
Operating Costs	2.		(968,795)		(882,677)
OPERATING SURPLUS	9.		363,643		422,932
Gain On Sale Of Housing Stock	7.	9,631		39,749	
Interest Receivable and Other Income		8,705		14,876	
Interest Payable and Similar Charges	8.	(142,030)		(145,028)	
			(123,694)		(90,403)
SURPLUS ON ORDINARY ACTIVITIES			239,949		332,529

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.

FAIFLEY HOUSING ASSOCIATION LIMITED

BALANCE SHEET AS AT 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		26,797,643		27,001,350
Less: Social Housing Grant	11.(a)		(22,476,961)		(22,721,068)
: Other Public Grants	11.(a)		(95,375)		(95,375)
			<u>4,225,307</u>		<u>4,184,907</u>
Other fixed assets	11.(b)		21,285		22,354
			<u>4,246,592</u>		<u>4,207,261</u>
CURRENT ASSETS					
Debtors	13	72,057		80,667	
Investments	21	932,063		925,809	
Cash at bank and in hand		811,295		690,404	
			<u>1,815,415</u>	<u>1,696,880</u>	
CREDITORS: Amounts falling due within one year	14	(351,254)		(276,147)	
NET CURRENT ASSETS			<u>1,464,161</u>		<u>1,420,733</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,710,753</u>		<u>5,627,994</u>
CREDITORS: Amounts falling due after more than one year	15		(2,799,598)		(2,956,786)
NET ASSETS			<u><u>2,911,155</u></u>		<u><u>2,671,208</u></u>
CAPITAL AND RESERVES					
Share Capital	17		62		64
Designated Reserves	18(a)		1,772,547		1,592,588
Revenue Reserves	18(b)		1,138,546		1,078,556
			<u>2,911,155</u>		<u>2,671,208</u>

The Financial Statements were approved by the Management Committee and signed on their behalf on 25 August 2015.

M. Harrison
Chairperson

J. Permin
Vice-Chairperson

[Signature]
Secretary

FAIFLEY HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED

31st MARCH 2015

	Notes	£	2015 £	£	2014 £
Net Cash Inflow from Operating Activities	16		621,424		532,664
Returns on Investment and Servicing of Finance					
Interest Received		8,705		14,876	
Interest Paid		(142,030)		(145,028)	
Net Cash Outflow from Investment and Servicing of Finance			(133,325)		(130,152)
Capital Expenditure and Financial Investment					
Acquisition and Construction of Properties		(233,295)		(111,945)	
Purchase of Other Fixed Assets		(12,257)		(13,128)	
Proceeds on Disposal of Properties		37,708		51,229	
Net Cash Outflow from Capital Expenditure and Financial Investment			(207,844)		(73,844)
Net Cash Inflow before use of Liquid Resources and Financing			280,255		328,668
Management of Liquid Resources					
Change in short term deposits with banks			(6,254)		(266,664)
Financing					
Loan Principal Repayments		(153,112)		(150,922)	
Share Capital Issued		2		2	
Net Cash Outflow from Financing			(153,110)		(150,920)
Increase / (decrease) in Cash	16		120,891		(88,916)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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 2015

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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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.

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.

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 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

		2015			2014		
	Notes	Turnover	Operating Costs	Operating Surplus / (Deficit)	Turnover	Operating Costs	Operating Surplus / (Deficit)
		£	£	£	£	£	£
Social Lettings	3.	1,324,052	957,494	366,558	1,291,089	864,957	426,132
Other Activities	4.	8,386	11,301	(2,915)	14,520	17,720	(3,200)
Total		<u>1,332,438</u>	<u>968,795</u>	<u>363,643</u>	<u>1,305,609</u>	<u>882,677</u>	<u>422,932</u>

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing	Supported Housing	Shared ownership	2015 Total	2014 Total
	£	£	£	£	£
Income from Lettings					
Rent Receivable Net of Identifiable Service Charges	1,262,010	45,385	-	1,307,395	1,247,667
Service Charges Receivable	-	-	-	-	34,546
Gross Rents Receivable	1,262,010	45,385	-	1,307,395	1,282,213
Less: Rent losses from voids	5,207	-	-	5,207	3,489
Net Rents Receivable	1,256,803	45,385	-	1,302,188	1,278,724
Revenue Grants from Scottish Ministers	11,676	2,640	-	14,316	-
Revenue Grants From Local Authorities and Other Agencies	7,548	-	-	7,548	12,365
Total Income From Social Letting	<u>1,276,027</u>	<u>48,025</u>	<u>-</u>	<u>1,324,052</u>	<u>1,291,089</u>
Expenditure on Social Letting Activities					
Service Costs	-	-	-	-	34,294
Management and maintenance administration costs	498,629	17,932	-	516,561	439,481
Reactive Maintenance	109,154	10,076	-	119,230	139,887
Bad Debts - Rents and Service Charges	3,361	-	-	3,361	8,541
Planned and Cyclical Maintenance, including Major Repairs	153,524	-	-	153,524	90,316
Depreciation of Social Housing	157,818	7,000	-	164,818	152,438
Operating Costs of Social Letting	<u>922,486</u>	<u>35,008</u>	<u>-</u>	<u>957,494</u>	<u>864,957</u>
Operating Surplus on Social Letting Activities	<u>353,541</u>	<u>13,017</u>	<u>-</u>	<u>366,558</u>	<u>426,132</u>
2014	<u>405,294</u>	<u>20,838</u>	<u>-</u>		

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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) 2015 £	Operating Surplus / (Deficit) 2014 £
Wider Role Activities	-	-	-	-	-	-	2,915	(2,915)	(3,200)
Factoring	-	-	-	1,628	1,628	-	1,628	-	-
Agency / Management services for other RSLs	-	-	-	6,758	6,758	-	6,758	-	-
Total From Other Activities	-	-	-	8,386	8,386	-	11,301	(2,915)	(3,200)
2014	-	-	-	14,520	14,520	-	17,720	(3,200)	

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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.	2015	2014
	£	£
No Officer of the Association received emoluments greater than £60,000.	-	-
Emoluments payable to Chief Executive (excluding pension contributions)	53,139	51,989

6. EMPLOYEE INFORMATION

	2015	2014
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	7	6
The average total number of Employees employed during the year was	7	7
Staff Costs were:	£	£
Wages and Salaries	228,256	209,067
Social Security Costs	15,898	16,725
Other Pension Costs	86,621	42,401
Temporary, Agency and Seconded Staff	4,577	5,024
	335,352	273,217

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2015	2014
	£	£
Sales Proceeds	37,708	51,229
Cost of Sales	28,077	11,480
Gain On Sale Of Housing Stock	<u>9,631</u>	<u>39,749</u>

8. INTEREST PAYABLE

	2015	2014
	£	£
On Bank Loans & Overdrafts	142,030	145,028
	<u>142,030</u>	<u>145,028</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £0 (2014 £0).

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015	2014
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	178,144	163,936
Auditors' Remuneration - Audit Services	7,680	7,500
Operating Lease Rentals - Land & Buildings	9,500	9,500
Operating Lease Rentals - Other	<u>1,786</u>	<u>1,785</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 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1st April 2014	28,480,034	28,480,034
Additions	233,295	233,295
Disposals	(303,903)	(303,903)
Schemes Completed	-	-
As at 31st March 2015	28,409,426	28,409,426
DEPRECIATION		
As at 1st April 2014	1,478,684	1,478,684
Charge for Year	164,818	164,818
Disposals	(31,719)	(31,719)
As at 31st March 2015	1,611,783	1,611,783
SOCIAL HOUSING GRANT		
As at 1st April 2014	22,721,068	22,721,068
Additions	-	-
Disposals	(244,107)	(244,107)
Schemes Completed	-	-
As at 31st March 2015	22,476,961	22,476,961
OTHER CAPITAL GRANTS		
As at 1st April 2014	95,375	95,375
Additions	-	-
Disposals	-	-
Schemes Completed	-	-
As at 31st March 2015	95,375	95,375
NET BOOK VALUE		
As at 31st March 2015	4,225,307	4,225,307
As at 31st March 2014	4,184,907	4,184,907

Additions to housing properties includes capitalised development administration costs of £nil (2014 - £nil) and capitalised major repair costs to existing properties of £233,295 (2014 £43,205)

All land and housing properties are freehold.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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 2014	17,128	4,754	125,794	147,676
Additions	-	-	12,257	12,257
Eliminated on Disposals	-	-	-	-
As at 31st March 2015	17,128	4,754	138,051	159,933
AGGREGATE DEPRECIATION				
As at 1st April 2014	8,564	4,754	112,004	125,322
Charge for year	4,282	-	9,044	13,326
Eliminated on disposal	-	-	-	-
As at 31st March 2015	12,846	4,754	121,048	138,648
NET BOOK VALUE				
As at 31st March 2015	4,282	-	17,003	21,285
As at 31st March 2014	8,564	-	13,790	22,354

12. COMMITMENTS

At the year end, the annual commitments under operating leases were as follows:-	2015 £	2014 £
Land and Buildings		
Expiring within one year	9,500	9,500
Other		
Expiring in over five years	1,785	1,785

The Association also entered into a contract for £716,000 after the year end for new heating systems
The cost will be financed from the Association's reserves.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 DEBTORS

	2015 £	2014 £
Arrears of Rent & Service Charges	71,271	65,935
Less: Provision for Doubtful Debts	(28,125)	(25,471)
	<u>43,146</u>	<u>40,464</u>
Other Debtors	28,911	40,203
	<u>72,057</u>	<u>80,667</u>

14 CREDITORS: Amounts falling due within one year

	2015 £	2014 £
Housing Loans	158,429	154,353
Trade Creditors	42,192	45,522
Rent in Advance	44,270	37,163
Other Taxation and Social Security	5,144	5,153
Other Creditors	71,931	19,410
Accruals and Deferred Income	29,288	14,546
	<u>351,254</u>	<u>276,147</u>

At the balance sheet date there were pension contributions outstanding of £9,364 (2014 £5,171)

15 CREDITORS: Amounts falling due after more than one year

	2015 £	2014 £
Housing Loans	<u>2,799,598</u>	<u>2,956,786</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	158,429	154,353
Between one and two years	164,171	161,429
Between two and five years	438,964	493,329
In five years or more	<u>2,196,463</u>	<u>2,302,028</u>
	2,958,027	3,111,139
Less: Amount shown in Current Liabilities	<u>158,429</u>	<u>154,353</u>
	<u>2,799,598</u>	<u>2,956,786</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>		2015 £	2014 £
Operating Surplus		363,643	422,932
Depreciation		178,144	163,936
Change in Debtors		8,610	(1,954)
Change in Creditors		71,031	(52,250)
Share Capital Written Off		(4)	-
Net Cash Inflow from Operating Activities		<u>621,424</u>	<u>532,664</u>
 <i>Reconciliation of net cash flow to movement in net debt</i>			
	2015 £	2014 £	2014 £
Increase / (decrease) in Cash	120,891	(88,916)	
Cash flow from management of liquid resources	6,254	266,664	
Cash flow from change in debt	<u>153,112</u>	<u>150,922</u>	
Movement in net debt during year	280,257		328,670
Net debt at 1st April 2014	(1,494,926)		(1,823,595)
Net debt at 31st March 2015	<u>(1,214,669)</u>		<u>(1,494,926)</u>
 <i>Analysis of changes in net debt</i>			
	At 01.04.14 £	Cash Flows £	At 31.03.15 £
Cash at bank and in hand	690,404	120,891	811,295
Bank Overdrafts	-	-	-
	<u>690,404</u>	<u>120,891</u>	<u>811,295</u>
Liquid Resources	925,809	6,254	932,063
Debt: Due within one year	(154,353)	(4,076)	(158,429)
Due after more than one year	<u>(2,956,786)</u>	<u>157,188</u>	<u>(2,799,598)</u>
Net Debt	(1,494,926)	280,257	(1,214,669)

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2014	64
Issued in year	2
Cancelled in year	(4)
At 31st March 2015	<u>62</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	Major Repairs £	Total £
At 1st April 2014	1,592,588	1,592,588
Transfer to / (from) Revenue Reserves	179,959	179,959
At 31st March 2015	<u>1,772,547</u>	<u>1,772,547</u>
(b) Revenue Reserves		Total £
At 1st April 2014		1,078,556
Surplus for the year		239,949
Transfer (to) / from Designated Reserves		(179,959)
At 31st March 2015		<u>1,138,546</u>

19 HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2015 No.	2014 No.
General Needs - New Build	221	223
General Needs - Rehabilitation	105	106
Supported Housing	11	11
	<u>337</u>	<u>340</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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 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

	2015	2014
	£	£
Short Term Deposits	<u>932,063</u>	<u>925,809</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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 01 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 12.3% of pensionable salaries. Member contributions were 12.3%.

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 £209,363. 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.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

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 2015

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</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 2015 Faifley Housing Association Limited will be required to pay £62,633 per annum as a contribution to the past service deficit. This will represent an increase/decrease of 3% 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.

