



Alexander Sloan
Accountants and Business Advisers

Faifley Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2017

Registered Housing Association No.HCB237

FCA Reference No. 2384R(S)

Scottish Charity No. SC037273

FAIFLEY HOUSING ASSOCIATION LIMITED

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FAIFLEY HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2017

MANAGEMENT COMMITTEE

Megan Harrison	Chairperson
Jacqueline Lorimer	Vice Chairperson
Robert King	Treasurer
Paula Cardno	Secretary
Dorothy Drennan	
Jim Finn	
Elaine McCabe	
Marion Benson	
Rose McGachy	
Isobel McAuley	
Rose Ferguson	
Brenda Cameron	From 30/09/2016

EXECUTIVE OFFICERS

Philip Burbidge	Director
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REGISTERED OFFICE

Skypoint
Lennox Drive
Faifley
Clydebank
G81 5JY

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

INTERNAL AUDITORS

Quinn Internal Audit
120 Kingsnowe Road North
Edinburgh
EH 14 2DG

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

FAIFLEY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

The Management Committee presents its report and the Financial Statements for the year ended 31st March 2017.

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 affordable rented accommodation.

Review of Business and Future Developments

The Association made a surplus/deficit of £212,952 during the year compared to a surplus of £276,332 in the year to the 31 March 2016 and had capital and reserves of £3,983,550 at the year end. The total expenditure on cyclical and major repairs work amounted to £609,192, this included the replacement of door entry systems, new windows and new extractor fans.

The Association completed our external wall insulation works and replaced kitchens in 30 properties and also installed new energy efficient boilers in 22 properties.

We spent £147,957 on reactive and void repairs throughout the year.

The Association are in a healthy financial position with just under £1.164m cash in the bank which will enable the Association to fulfil our major repairs and cyclical programme for the foreseeable future.

The Association sold 2 properties during the year and we now owns and manages 332 rented units and provides factoring service to a further 23 owners.

During the year the Associations Management Committee comprised of 12 members.

We continue to provide Maintenance services to Knowes 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.

FAIFLEY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

Management Committee and Executive Officers

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

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

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

Statement of Management Committee's Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make 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 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 members of 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.

FAIFLEY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31ST MARCH 2017

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 2017. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year the Association made charitable donations amounting to £710 (2016 : £235).

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
22 August 2017



FAIFLEY HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS 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 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 4 has provided the disclosures required by the relevant Regulatory Standards contained 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 the relevant Regulatory Standards in respect of internal financial controls contained 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
Statutory Auditors
GLASGOW
22 August 2017



Alexander Sloan
Accountants and Business Advisers



We have audited the financial statements of Faifley Housing Association Limited for the year ended 31st March 2017 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standards of the United Kingdom

This report is made solely to the Association's members, as a body, in accordance with 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 Financial Reporting Council's (FRC) 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 for 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 2017 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 properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

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.
- 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.

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

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

- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position 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
22 August 2017



Alexander Sloan
Accountants and Business Advisers

FAIFLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017 £	2016 £
REVENUE	2.	2,129,348	1,981,870
Operating Costs	2.	(1,685,716)	(1,428,338)
OPERATING SURPLUS	9.	443,632	553,532
Loss On Sale Of Housing Stock	7.	(78,102)	(120,261)
Interest Receivable and Other Income		3,676	5,508
Interest Payable and Similar Charges	8.	(133,926)	(138,152)
Other Finance Charges	11.	(22,328)	(24,295)
		(230,680)	(277,200)
Surplus on ordinary activities before taxation		212,952	276,332
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		212,952	276,332

All amounts relate to continuing operations.

The notes on pages 12 to 25 form part of these financial statements.

FAIFLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2017

	Notes	£	2017 £	£	2016 £
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12.(a)		19,291,134		19,845,711
Other Non Current Assets	12.(b)		13,880		13,359
			<u>19,305,014</u>		<u>19,859,070</u>
CURRENT ASSETS					
Receivables	14.	96,256		72,351	
Investments	27.	688,344		685,146	
Cash at bank and in hand		475,392		790,736	
		<u>1,259,992</u>		<u>1,548,233</u>	
CREDITORS: Amounts falling due within one year	15.	(374,009)		(448,496)	
NET CURRENT ASSETS			<u>885,983</u>		<u>1,099,737</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>20,190,997</u>		<u>20,958,807</u>
CREDITORS: Amounts falling due after more than one year	16.		(2,750,749)		(2,961,439)
DEFERRED INCOME					
Social Housing Grants	18.	(13,487,079)		(14,253,953)	
Other Grants	18.	(59,619)		(62,814)	
		<u></u>	<u>(13,546,698)</u>	<u></u>	<u>(14,316,767)</u>
NET ASSETS			<u><u>3,893,550</u></u>		<u><u>3,680,601</u></u>
EQUITY					
Share Capital	19.		54		57
Revenue Reserves			3,893,496		3,680,544
			<u><u>3,893,550</u></u>		<u><u>3,680,601</u></u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 22 August 2017.

M. Harrison
Chairperson

J. Penner
Vice Chairperson

[Signature]
Secretary

The notes on pages 12 to 25 form part of these financial statements.

FAIFLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017	2016
		£	£
Net Cash Inflow from Operating Activities	17.	352,444	528,078
Investing Activities			
Acquisition and Construction of Properties	(381,335)	(526,259)	
Purchase of Other Fixed Assets	(10,910)	(5,264)	
Changes on short term deposits with banks	(3,198)	246,917	
Proceeds on Disposal of Properties	19,898	101,752	
Net Cash Outflow from Investing Activities		(375,545)	(182,854)
Financing Activities			
Interest Received on Cash and Cash Equivalents	3,676	5,508	
Interest Paid on Loans	(133,926)	(138,152)	
Loan Principal Repayments	(162,003)	(157,827)	
Repayment of HAG	-	(75,312)	
Share Capital Issued	10	-	
Net Cash Outflow from Financing		(292,243)	(365,783)
Decrease in Cash		(315,344)	(20,559)
Opening Cash & Cash Equivalents		790,736	811,295
Closing Cash & Cash Equivalents		<u>475,392</u>	<u>790,736</u>
Cash and Cash equivalents as at 31 March 2017			
Cash		475,392	790,736
		<u>475,392</u>	<u>790,736</u>

The notes on pages 12 to 25 form part of these financial statements.

FAIFLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

AS AT 31st MARCH 2017

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1st April 2015	62	3,404,212	3,404,274
Cancellation of Shares Surplus for Year	(5)	276,332	(5) 276,332
Balance as at 31 March 2016	57	3,680,544	3,680,601
Balance as at 1st April 2016	57	3,680,544	3,680,601
Issue of Shares	10	-	10
Cancellation of Shares	(13)	-	(13)
Surplus for Year	-	212,952	212,952
Balance as at 31 March 2017	54	3,893,496	3,893,550

The reserves opening balance at 1st January 2015 has been restated to reflect the change in accounting requirements under the Housing SORP 2014 and FRS102.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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.

Revenue

The Association recognises rent receivable net of losses from voids.

Government Grants are released to income over the expected useful life of the asset to which it relates.

Retirement Benefits

The Association participated 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 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 a high quality corporate bond.

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
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 Covering	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 2017

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:-

Office Premises	-25%
Furniture and Fittings	-25%
Computer & Office Equipment	-25%
Van	-25%

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

Social Housing Grant And Other Grants In Advance/Arrears

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

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

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

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

Sales Of Housing Properties

Disposals of housing property under the Right to Buy scheme are treated as a non-current asset disposals and any gain and loss on disposal accounted for in the Statement of Comprehensive Income.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Management Committee to exercise judgement in applying Faifley Housing Association Limited 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, is 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.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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.

Capitalisation Of Development Overheads

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

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Management Committee 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.

d) Pension Liability

In March 2016 the Association received details from the Pension Trust of the final 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 feel this is the best available estimate of the past service liability.

Financial Instruments - Basic

The Association categorises all its loans as basic financial instruments. It does not view any break clauses as changing the categorisation of the financial instrument. The Association's fixed rate loan agreement contained the option that it could be based on a variable or fixed rate. The Association chose the fixed rate option. As this is not a separate financial instrument capable of being separately traded by the Association then the Association does not view this as falling within the definition of a complex financial instrument. 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

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2017			2016		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	2,123,491	1,676,859	446,632	1,976,051	1,420,519	555,532
Other Activities	4.	5,857	8,857	(3,000)	5,819	7,819	(2,000)
Total		2,129,348	1,685,716	443,632	1,981,870	1,428,338	553,532

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	2017 Total £	2016 Total £
Revenue from Lettings				
Rent Receivable Net of Service Charges	1,291,533	47,273	1,338,806	1,328,118
Gross income from rent and service charges	1,291,533	47,273	1,338,806	1,328,118
Less: Rent losses from voids	4,138	-	4,138	4,451
Net Rents Receivable	1,287,395	47,273	1,334,668	1,323,667
Grants released from deferred income	747,184	22,885	770,069	638,641
Revenue grants from Scottish Ministers	18,754	-	18,754	13,743
Total turnover from affordable letting activities	2,053,333	70,158	2,123,491	1,976,051
Expenditure on affordable letting activities				
Management and maintenance administration costs	439,885	16,101	455,986	480,658
Planned and cyclical maintenance, including major repairs	227,857	-	227,857	169,263
Reactive maintenance costs	141,383	6,574	147,957	134,640
Bad Debts - rents and service charges	7,147	-	7,147	4,977
Depreciation of affordable let properties	811,224	26,688	837,912	630,981
Operating costs of affordable letting activities	1,627,496	49,363	1,676,859	1,420,519
Operating surplus on affordable letting activities	425,837	20,795	446,632	555,532
2016	538,642	16,890		

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	£	Other Income	£	Total Turnover	£	Operating Costs Bad Debts	£	Operating Costs Other	£	Operating Surplus /(Deficit)	2016
												£
Wider Role Activities	-	-	-	-	-	-	-	-	3,000	(3,000)	(2,000)	
Factoring	-	-	2,115	2,115	2,115	-	-	-	2,115	-	-	
Agency/Management Services for other RSLs	-	-	3,742	3,742	3,742	-	-	-	3,742	-	-	
Total From Other Activities	-	-	5,857	5,857	5,857	-	-	-	8,857	(3,000)	(2,000)	
2016	-	-	5,819	5,819	5,819	-	-	-	7,819	(2,000)		

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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.

2017 2016

£ £

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

Emoluments payable to Chief Executive (excluding pension contributions)

54,382 54,006

Total Emoluments paid to key management personnel

61,045 60,603

6. EMPLOYEE INFORMATION

2017 2016

No. No.

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

7 7

Staff Costs were:

£ £

Wages and Salaries

234,715 236,821

Social Security Costs

21,431 16,533

Other Pension Costs

29,529 28,401

285,675 281,755

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. LOSS ON SALE OF HOUSING STOCK

	2017	2016
	£	£
Sales Proceeds	19,898	26,440
Cost of Sales	<u>98,000</u>	<u>146,701</u>
Loss On Sale Of Housing Stock	<u>(78,102)</u>	<u>(120,261)</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans & Overdrafts	<u>133,926</u>	<u>138,152</u>
	<u>133,926</u>	<u>138,152</u>

9. SURPLUS FOR YEAR

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	633,719	644,171
Auditors' Remuneration - Audit Services	8,506	8,436
Operating Lease Rentals - Land & Buildings	9,500	9,500
Operating Lease Rentals - Other	1,785	1,785
Loss on sale of fixed assets	<u>(78,102)</u>	<u>(120,261)</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.

11. OTHER FINANCE INCOME / CHARGES

	2017	2016
	£	£
Unwinding of Discounted Liabilities	<u>22,328</u>	<u>24,295</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1st April 2016	28,668,456	28,668,456
Additions	381,335	381,335
Disposals	(734,325)	(734,325)
As at 31st March 2017	28,315,466	28,315,466
DEPRECIATION		
As at 1st April 2016	8,822,745	8,822,745
Charge for Year	623,330	623,330
Disposals	(421,743)	(421,743)
As at 31st March 2017	9,024,332	9,024,332
NET BOOK VALUE		
As at 31st March 2017	19,291,134	19,291,134
As at 31st March 2016	19,845,711	19,845,711

Additions to housing properties include capitalised development administration costs of £nil (2016 - £nil) and capitalised major repair costs to existing properties of £381,335 (2016 - £526,259)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £462,093. The amount capitalised is £381,335, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £381,335 and improvement of £nil.

The Association's Lenders have standard securities over Housing Property with a carrying value of £10,751,987 (2016: £10,989,231).

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

b) Other Tangible Assets	Motor Vehicles £	Office Premises £	Furniture & Equipment £	Total £
COST				
As at 1st April 2016	17,128	4,754	143,315	165,197
Additions	-	-	10,910	10,910
As at 31st March 2017	17,128	4,754	154,225	176,107
AGGREGATE DEPRECIATION				
As at 1st April 2016	17,128	4,754	129,956	151,838
Charge for year	-	-	10,389	10,389
As at 31st March 2017	17,128	4,754	140,345	162,227
NET BOOK VALUE				
As at 31st March 2017	-	-	13,880	13,880
As at 31st March 2016	-	-	13,359	13,359

12. CAPITAL COMMITMENTS

	2017 £	2016 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	-	274,159

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

13. COMMITMENTS UNDER OPERATING LEASES

	2017 £	2016 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Land and Buildings		
Not later than one year	9,500	9,500
Other		
Not later than one year	1,785	1,785
Later than one year and not later than five years	3,125	4,910
Later than five years	-	-

Lease commitments have been restated under FRS102 to include the timing of the full payment due under the contract.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Arrears of Rent & Service Charges	60,895	55,643
Less: Provision for Doubtful Debts	(26,833)	(19,947)
	<u>34,062</u>	<u>35,696</u>
Other Receivables	62,194	36,655
	<u>96,256</u>	<u>72,351</u>

15. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Housing Loans	166,199	164,171
Trade Payables	48,176	66,714
Rent in Advance	43,248	43,282
Other Taxation and Social Security	5,698	5,270
Other Payables	33,104	100,842
Liability for Past Service Contributions	68,249	61,632
Accruals and Deferred Income	9,335	6,585
	<u>374,009</u>	<u>448,496</u>

At the balance sheet date there were pension contributions outstanding of £9,832 (2016 - £9,616).

16. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2017 £	2016 £
Liability for Past Service Contributions	278,751	325,410
Housing Loans	2,471,998	2,636,029
	<u>2,750,749</u>	<u>2,961,439</u>
Housing Loans		
Amounts due within one year	166,199	164,171
Amounts due in one year or more but less than two years	162,507	170,199
Amounts due in two years or more but less than five years	344,787	385,334
Amounts due in more than five years	1,964,704	2,080,496
	<u>2,638,197</u>	<u>2,800,200</u>
Less: Amount shown in Current Liabilities	166,199	164,171
	<u>2,471,998</u>	<u>2,636,029</u>
Liability for Past Service Contributions		
Amounts due within one year	68,249	61,632
Amounts due in one year or more but less than two years	68,488	65,711
Amounts due in two years or more but less than five years	210,263	198,537
Amounts due in more than five years	-	61,162
	<u>347,000</u>	<u>387,042</u>
Less: Amount shown in Current Liabilities	68,249	61,632
	<u>278,751</u>	<u>325,410</u>

The Association has a number of long-term housing loans the terms and conditions of which fall into the following ranges:

The Association has three long term loans, the terms and conditions of which fall into the following ranges: two of the loans have an interest rate of LIBOR plus 0.241% and one loan has a fixed rate of 5.76%. Loans are due to expire 2029, 2032 and 2037. A total of 172 housing properties with a net book value of £10,751,987 are secured to lenders in respect of these loan facilities, with the loans valued at £2,638,197 in these financial statements.

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 1.06% (2016 - 2.64%).

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2017 £	2016 £
Operating Surplus	443,632	553,532
Depreciation	848,301	644,171
Amortisation of Capital Grants	(770,069)	(638,641)
Change in debtors	(23,905)	(294)
Change in creditors	(123,174)	(6,392)
Unwinding of Discount on Pension Liability	(22,328)	(24,293)
Share Capital Written Off	(13)	(5)
Net Cash Inflow from Operating Activities	<u>352,444</u>	<u>528,078</u>

18. DEFERRED INCOME

	Housing Properties Held for Letting £	Total £
Social Housing Grants		
Balance as at 1st April 2016	14,253,953	14,253,953
Eliminated on disposal components and property	(260,713)	(260,713)
Amortisation in year	(506,161)	(506,161)
Balance as at 31st March 2017	<u>13,487,079</u>	<u>13,487,079</u>
Other Grants		
Balance as at 1st April 2016	62,814	62,814
Eliminated on disposal components and property	-	-
Amortisation in year	(3,195)	(3,195)
Balance as at 31st March 2017	<u>59,619</u>	<u>59,619</u>
Total grants net book value as at 31 March 2017	<u>13,546,698</u>	<u>13,546,698</u>

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

	2017 £	2016 £
Amounts due within one year	509,356	520,533
Amounts due after more than one year	13,037,342	13,796,239
	<u>13,546,698</u>	<u>14,316,772</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2016	57
Issued in year	10
Cancelled in year	(13)
At 31st March 2017	<u>54</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.

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2017	2016
	No.	No.
General Needs - Built by Association	217	219
General Needs - Purchased by Association	104	104
Supported Housing	11	11
	<u>332</u>	<u>334</u>

21. INVESTMENTS

	2017	2016
	£	£
Short Term Deposits	<u>688,344</u>	<u>685,146</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 position 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 is made at arm's length and under normal commercial terms.

Transactions with governing body members (and their close family) were as follows:

	£
Rent received from Tenants on the Committee and their close family members	38,688
Factoring Charges received from owners on the Committee	1574

At the year end total rent and factoring arrears owed by the tenant members of the Committee (and their close family) were £1196

Members of the Committee who are tenants	7
Members of the Committee who are owner occupiers	4
Members of the Committee who are local councillors	1

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 Skypoint, Lennox Drive , Faifley.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Faifley, Clydebank.

24. GOVERNING BODY MEMBER EMOLUMENTS

Board members received £nil in the year by way of reimbursement of expenses (2016 - £nil). No remuneration is paid to Board members in respect of their duties to the Association.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

General

Faifley 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. The Association has since moved to a defined contribution scheme but has a liability for the past service deficit in the defined benefit 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 final 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 employers 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 £347,000 (2016 - £387,042). 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 1.06% (2016 - 2.64%).

The Association made payments totalling £62,370 (2016 - £60,555) to the pension scheme during the year.

