



Alexander Sloan
Accountants and Business Advisers

Faifley Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2018

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 31 MARCH 2018

MANAGEMENT COMMITTEE

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

EXECUTIVE OFFICERS

Philip Burbridge	Director
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REGISTERED OFFICE

Skypoint
Lennox Drive
Faifley
Clydebank
G81 5JY

EXTERNAL AUDITORS

Alexander Sloan
Accountants and Business Advisers
38 Cadogan Street
Glasgow
G2 7HF

INTERNAL AUDITORS

Quinn Internal Audit
120 Kingsnowe Road North
Edinburgh
EH14 2DG

FINANCE AGENTS

FMD Financial Services
Ladyloan Place
Glasgow
G15 8LB

BANKERS

Royal Bank of Scotland
13 Rockbank Place
Hardgate
Clydebank

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

FAIFLEY HOUSING ASSOCIATION LIMITED

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

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

Legal Status

Faifley Housing Association Limited ('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

During the year to the 31st March 2018 the Association made a surplus of £412,368 compared to a surplus of £212,952 in the year to the 31 March 2017. The Association understands the importance of maintaining our stock not just in the short term but over the life of the buildings and during the year carried out cyclical and major repairs work in accordance with our life cycle maintenance programme at a cost of £152,359 in addition to capital expenditure of £122,728. We also spent £129,892 on reactive and void repairs in the year.

The Association continue to be in a healthy financial position with just over £1.4m cash in the bank which will enable the Association to fulfil our major repairs and cyclical programme for the foreseeable future. The Association's latest Tenant Satisfaction Survey indicates that 94% of our tenants are satisfied with the overall service provided by the Association.

The Association 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 31 MARCH 2018

Management Committee and Executive Officers

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

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

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

Statement of Management Committee's Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- prepare a statement on Internal Financial Control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements - 2015. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Management Committee must in determining how amounts are presented within items in the Statement of Comprehensive Income 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 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 Association's auditors are aware of that information.

FAIFLEY HOUSING ASSOCIATION LIMITED

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

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records; and
- 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 misstatement or loss. Key elements of the Association's systems include ensuring that the:-

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2018. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year the Association made charitable donations amounting to £400 (2017 - £710).

Auditors

In line with good practice the Association plans to invite tenders for its external audit service at least once every seven years. As a result the Association plans to put its external audit service out to tender in 2018.

By order of the Management Committee


BRENDA CAMERON

Secretary

21 August 2018

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 with the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the Management Committee, and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
21 August 2018



Alexander Sloan
Accountants and Business Advisers

FAIFLEY HOUSING ASSOCIATION LIMITED

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

Opinion

We have audited the financial statements of Faifley Housing Association Limited for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Management Committee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Management Committee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Management.

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

FAIFLEY HOUSING ASSOCIATION LIMITED

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

Responsibilities of the Management Committee

As explained more fully in the Statement of Management Committee's Responsibilities as set out on Page 4, the Board of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.


Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Committee.
- Conclude on the appropriateness of the Management Committee use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
21 August 2018



Alexander Sloan
Accountants and Business Advisers

FAIFLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
REVENUE	2		1,863,870		2,129,348
Operating Costs	2		(1,380,737)		(1,685,716)
OPERATING SURPLUS			483,133		443,632
Loss On Sale Of Housing Stock	7			(78,102)	
Interest Receivable and Other Income		2,901		3,676	
Interest Payable and Similar Charges	8	(73,418)		(133,926)	
Other Finance Income / (Charges)	11	(248)		(22,328)	
			(70,765)		(230,680)
Surplus on ordinary activities before taxation			412,368		212,952
Tax on surplus on ordinary activities	10		-		-
SURPLUS FOR THE YEAR	9		412,368		212,952
Other Comprehensive Income			-		-
TOTAL COMPREHENSIVE INCOME			412,368		212,952

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

FAIFLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12 (a)		18,828,482		19,291,134
Other Non-current Assets	12 (b)		12,391		13,880
			<u>18,840,873</u>		<u>19,305,014</u>
CURRENT ASSETS					
Receivables	15	63,756		96,256	
Investments	24	690,418		688,344	
Cash at bank and in hand		725,488		475,392	
		<u>1,479,662</u>		<u>1,259,992</u>	
CREDITORS: Amounts falling due within one year	16	(460,013)		(374,009)	
NET CURRENT ASSETS			<u>1,019,649</u>		<u>885,983</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>19,860,522</u>		<u>20,190,997</u>
CREDITORS: Amounts falling due after more than one year	17		(2,497,713)		(2,750,749)
DEFERRED INCOME					
Social Housing Grants	18	(12,999,095)		(13,487,079)	
Other Grants	18	(57,794)		(59,619)	
			<u>(13,056,889)</u>		<u>(13,546,698)</u>
NET ASSETS			<u>4,305,920</u>		<u>3,893,550</u>
EQUITY					
Share Capital	19		56		54
Revenue Reserves			4,305,864		3,893,496
			<u>4,305,920</u>		<u>3,893,550</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 21 August 2018


Chairperson


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 31 MARCH 2018

	Notes	2018	2017
		£	£
Net cash inflow from operating activities	17	590,444	352,444
Investing Activities			
Acquisition and Construction of Properties		(122,728)	(381,335)
Purchase of Other Fixed Assets		(7,492)	(10,910)
Changes on short term deposits with banks		(2,074)	(3,198)
Proceeds on Disposal of Properties			19,898
Net cash outflow from investing activities		(132,294)	(375,545)
Financing Activities			
Interest Received on Cash and Cash Equivalents		2,901	3,676
Interest Paid on Loans		(73,418)	(133,926)
Loan Principal Repayments		(137,539)	(162,003)
Share Capital Issued		2	10
Net cash outflow from financing activities		(208,054)	(292,243)
Increase / (decrease) in cash		250,096	(315,344)
Opening Cash & Cash Equivalents		475,392	790,736
Closing Cash & Cash Equivalents		725,488	475,392
Cash and Cash equivalents as at 31 March			
Cash		725,488	475,392
		725,488	475,392

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

FAIFLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 31 March 2016	57	3,680,544	3,680,601
Issue of Shares	10	-	10
Cancellation of Shares	(13)	-	(13)
Surplus for the year	-	212,952	212,952
Balance as at 31 March 2017	54	3,893,496	3,893,550
Balance as at 1 April 2017	54	3,893,496	3,893,550
Issue of Shares	2	-	2
Surplus for the year	-	412,368	412,368
Balance as at 31 March 2018	56	4,305,864	4,305,920

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

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. A summary of the more important accounting policies is set out below.

Revenue

The Association recognises rent receivable net of losses from voids.

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

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits Pension Scheme and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

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

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 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

Depreciation and Impairment of Other Non-Current Assets

Non-current Assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Asset Category	Depreciation Rate
Office Premises	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 non-current asset disposals and any gain or loss on disposal accounted for in the Statement of Comprehensive Income.

Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board of Management to exercise judgement in applying the Association's Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

FAIFLEY HOUSING ASSOCIATION LIMITED

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

1. PRINCIPAL ACCOUNTING POLICIES

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 Board of Management the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Financial instrument break clauses

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

d) Pension Liability

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

Financial Instruments - Basic

The Association 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 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2018			2017		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	1,859,179	1,372,046	487,133	2,123,491	1,676,859	446,632
Other Activities	4	4,691	8,691	(4,000)	5,857	8,857	(3,000)
Total		1,863,870	1,380,737	483,133	2,129,348	1,685,716	443,632

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	2018 Total £	2017 Total £
Revenue from Lettings				
Rent receivable net of service charges	1,315,417	48,218	1,363,635	1,338,806
Gross income from rent and service charges	1,315,417	48,218	1,363,635	1,338,806
Less: Rent losses from voids	4,746	-	4,746	4,138
Net Rents Receivable	1,310,671	48,218	1,358,889	1,334,668
Grants released from deferred income	468,936	20,872	489,808	770,069
Revenue grants from Scottish Ministers	10,482	-	10,482	18,754
Total turnover from affordable letting activities	1,790,089	69,090	1,859,179	2,123,491
Expenditure on affordable letting activities				
Management and maintenance administration costs	481,891	17,664	499,555	455,986
Planned and cyclical maintenance, including major repairs	152,359	-	152,359	227,857
Reactive maintenance costs	123,331	6,561	129,892	147,957
Bad Debts - rents and service charges	4,860	-	4,860	7,147
Depreciation of affordable let properties	560,888	24,492	585,380	837,912
Operating costs of affordable letting activities	1,323,329	48,717	1,372,046	1,676,859
Operating surplus on affordable letting activities	466,760	20,373	487,133	446,632
2017	425,837	20,795		

Included in the figure for planned & cyclical maintenance of £152,319 (2017 - £227,857) is an amount for major repairs of £27,719 (£80,758).

FAIFLEY HOUSING ASSOCIATION LIMITED

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

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

	Other Income	Total Turnover	Operating Costs Other	Operating Surplus / (Deficit)	Operating Surplus / (Deficit)
	£	£	£	£	£
				2018	2017
Wider role activities	-	-	4,000	(4,000)	(3,000)
Factoring	2,092	2,092	2,092	-	-
Agency or management services	2,599	2,599	2,599	-	-
Total From Other Activities	4,691	4,691	8,691	(4,000)	(3,000)
2017	5,857	5,857	8,857	(3,000)	

FAIFLEY HOUSING ASSOCIATION LIMITED

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

5. OFFICERS' EMOLUMENTS

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

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

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

	2018	2017
	£	£
	55,720	54,382
	62,672	61,045

6. EMPLOYEE INFORMATION

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

Staff Costs were:

Wages and Salaries
Social Security Costs
Other Pension Costs

	2018	2017
	No.	No.
	6	7
	£	£
	227,371	234,715
	21,116	21,431
	30,235	29,529
	278,722	285,675

FAIFLEY HOUSING ASSOCIATION LIMITED

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

7. LOSS ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales Proceeds	-	19,898
Cost of Sales	-	98,000
Loss On Sale Of Housing Stock	-	(78,102)

8. INTEREST PAYABLE & SIMILAR CHARGES

	2018	2017
	£	£
On Bank Loans & Overdrafts	73,418	133,926

9. SURPLUS FOR THE YEAR

	2018	2017
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	594,361	633,719
Auditors' Remuneration - Audit Services	8,500	8,506
Operating Lease Rentals - Land & Buildings	9,500	9,500
Operating Lease Rentals - Other	1,785	1,785
Gain on sale of fixed assets	-	(78,102)

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

	2018	2017
	£	£
Unwinding of Discounted Liabilities	248	22,328

FAIFLEY HOUSING ASSOCIATION LIMITED

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

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
As at 1 April 2017	28,315,466	28,315,466
Additions	122,728	122,728
Disposals	-	-
Schemes Completed	-	-
As at 31 March 2018	<u>28,438,194</u>	<u>28,438,194</u>
DEPRECIATION		
As at 1 April 2017	9,024,332	9,024,332
Charge for Year	585,380	585,380
Disposals	-	-
As at 31 March 2018	<u>9,609,712</u>	<u>9,609,712</u>
NET BOOK VALUE		
As at 31 March 2018	<u>18,828,482</u>	<u>18,828,482</u>
As at 31 March 2017	<u>19,291,134</u>	<u>19,291,134</u>

Additions to housing properties include capitalised development administration costs of nil (2017 - £nil) and capitalised major repair costs to existing properties of £122,728 (2017 - £381,335).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £404,979 (2017 - £757,149). The amount capitalised is £122,728 (2017 - £381,335) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £122,728 (2017 - £381,335) and improvement of £0 (2017 - £nil).

The Association's Lenders have standard securities over Housing Property with a carrying value of £10,578,493 (2017 - £10,751,987).

FAIFLEY HOUSING ASSOCIATION LIMITED

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

12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Motor Vehicles £	Total £
COST				
As at 1 April 2017	4,754	154,225	17,128	176,107
Additions	-	7,492	-	7,492
Eliminated on Disposals	-	-	-	-
As at 31 March 2018	<u>4,754</u>	<u>161,717</u>	<u>17,128</u>	<u>183,599</u>
AGGREGATE DEPRECIATION				
As at 1 April 2017	4,754	140,345	17,128	162,227
Charge for year	-	8,981	-	8,981
Eliminated on Disposals	-	-	-	-
As at 31 March 2018	<u>4,754</u>	<u>149,326</u>	<u>17,128</u>	<u>171,208</u>
NET BOOK VALUE				
As at 31 March 2018	<u>-</u>	<u>12,391</u>	<u>-</u>	<u>12,391</u>
As at 31 March 2017	<u>-</u>	<u>13,880</u>	<u>-</u>	<u>13,880</u>

13. CAPITAL COMMITMENTS

	2018 £	2017 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	87,680	-

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

14. COMMITMENTS UNDER OPERATING LEASES

	2018 £	2017 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
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	1,339	3,125

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 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Arrears of Rent & Service Charges	70,633	60,895
Less: Provision for Doubtful Debts	(28,360)	(26,833)
	<u>42,273</u>	<u>34,062</u>
Other Receivables	21,483	62,194
	<u>63,756</u>	<u>96,256</u>

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Housing Loans	211,649	166,199
Trade Payables	90,462	48,176
Rent Received in Advance	43,166	43,248
Other Taxation and Social Security	-	5,698
Other Payables	32,405	33,104
Liability for Past Service Contributions	70,296	68,249
Accruals and Deferred Income	12,035	9,335
	<u>460,013</u>	<u>374,009</u>

At the balance sheet date there were pension contributions outstanding of £0 (2017 - £9,832).

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

	2018 £	2017 £
Liability for Past Service Contributions	208,704	278,751
Housing Loans	2,289,009	2,471,998
	<u>2,497,713</u>	<u>2,750,749</u>
Housing Loans		
Amounts due within one year	211,649	166,199
Amounts due in one year or more but less than two years	155,597	162,507
Amounts due in two years or more but less than five years	472,791	344,787
Amounts due in more than five years	1,660,621	1,964,704
	<u>2,500,658</u>	<u>2,638,197</u>
Less: Amount shown in Current Liabilities	211,649	166,199
	<u>2,289,009</u>	<u>2,471,998</u>
Liability for Past Service Contributions		
Amounts due within one year	70,296	68,249
Amounts due in one year or more but less than two years	71,328	68,488
Amounts due in two years or more but less than five years	137,376	210,263
	<u>279,000</u>	<u>347,000</u>
Less: Amount shown in Current Liabilities	70,296	68,249
	<u>208,704</u>	<u>278,751</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 a margin of 0.25%. A third loan is partly fixed at 1.639% and partly variable at LIBOR plus a margin of 0.275%. The loans are due to expire between 2029, and 2037. A total of 172 (2017 - 172) housing properties with a net book values of £10,578,493 (2017 - £10,751,987) are secured to lenders in respect of these loan facilities, with the loans valued at £2,500,658 (2017 - £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 1.51% (2017 - 1.06%).

FAIFLEY HOUSING ASSOCIATION LIMITED

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

17. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to net cash inflow from operating activities

	2018 £	2017 £
Operating Surplus	483,133	443,632
Depreciation	594,361	848,301
Amortisation of Capital Grants	(489,809)	(770,069)
Change in debtors	32,500	(23,905)
Change in creditors	(29,493)	(123,174)
Unwinding of Discount on Pension Liability	(248)	(22,328)
Share Capital Written Off		(13)
Net cash inflow from operating activities	590,444	352,444

18. DEFERRED INCOME

	Housing Properties Held for Letting £	Total £
Social Housing Grants		
As at 1 April 2017	21,704,100	21,704,100
Eliminated on disposal of components and property	(2,843)	(2,843)
As at 31 March 2018	21,701,257	21,701,257
Amortisation		
As at 1 April 2017	8,217,021	8,217,021
Amortisation for year	487,984	487,984
Eliminated on disposal of components and property	(2,843)	(2,843)
As at 31 March 2018	8,702,162	8,702,162
Net book value		
As at 31 March 2018	12,999,095	12,999,095
As at 31 March 2017	13,487,079	13,487,079
Other Grants		
As at 1 April 2017	91,223	59,619
As at 31 March 2018	91,223	59,619
Amortisation		
As at 1 April 2017	31,604	31,604
Amortisation in year	1,825	1,825
As at 31 March 2018	33,429	33,429
Net book value		
As at 31 March 2018	57,794	57,794
As at 31 March 2017	59,619	59,619
Total grants net book value as at 31 March 2018	13,056,889	13,056,889
Total grants net book value as at 31 March 2017	13,546,698	13,546,698

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

	2018 £	2017 £
Amounts due within one year	489,809	509,356
Amounts due in one year or more	12,567,080	13,037,342
	13,056,889	13,546,698

FAIFLEY HOUSING ASSOCIATION LIMITED

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

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2018	2017
	£	£
As at 1 April 2017	54	57
Issued in year	2	10
Cancelled in year	-	(13)
At 31 March 2018	<u>56</u>	<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:-	2018	2017
	No.	No.
General Needs - Built by Association	217	217
General Needs - Purchased by Association	104	104
Supported Housing	11	11
	<u>332</u>	<u>332</u>

21. RELATED PARTY TRANSACTIONS

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

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

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

Transactions with Management Committee members (and their close family) were as follows:

	2018	2017
	£	£
Rent received from tenants on the Management Committee and their close	<u>38,352</u>	<u>38,688</u>
Factoring charges received from factored owners on the Management Committee	<u>1,572</u>	<u>1,574</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £841 (2017 - £1,196).

At the year end total factoring arrears owed by the factored owners on the Management Committee (and their close family) were £793 (2017 - £0).

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

FAIFLEY HOUSING ASSOCIATION LIMITED

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

22. 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.

23. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £18 (2017 - £nil) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

24. INVESTMENTS

	2018	2017
Short term deposits	£	£
Short term deposits	690,418	688,344

FAIFLEY HOUSING ASSOCIATION LIMITED

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

25. 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 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 valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal. Then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

All employer's in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £279,000 (2017 - £347,000). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.51% (2017 - 1.06%).

The Association made payments totalling £68,249 (2017- £62,370) to the pension scheme during the year.