



Alexander Sloan
Accountants and Business Advisers

Faifley Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2020

Registered Social Landlord No. HCB237

FCA Reference No. 2384R(S)

Scottish Charity No. SC037273

FAIFLEY HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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FAIFLEY HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2020

Management Committee

Jacqueline Lorimer	Chairperson
Robert King	Resigned 18 February 2020
Megan Harrison	Resigned 15 January 2020
Brenda Cameron	Secretary
Dorothy Drennan	Resigned 15 January 2020
Marion Benson	
Rose McGachy	Resigned 15 January 2020
Isobel McAuley	Resigned 15 January 2020
Rose Ferguson	Resigned 15 January 2020
Anne Culley	Coopted 4 February
Daniel Wilson	From 18 February 2020
Amanda White	From 04 February 2020
John Anderson	From 20 February 2020 Resigned 15 July 2020
Thomas McGowan	From 20 February 2020
Audrey Murphy	From 20 February 2020
Allen Mullen	Coopted 20 February 2020

EXECUTIVE OFFICERS

Philip Burbridge	Director Resigned 28 February 2020
Stephen Black, Atrium Homes	Interim Director From 04 December 2019 to 03 March 2020
Lindsay Gemmill	Interim Director From 02 March 2020

REGISTERED OFFICE

Skypoint
Lennox Drive
Faifley
Clydebank

EXTERNAL AUDITORS

Alexander Sloan
Accountants and Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

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
30 Sylvania Way South
Clydebank
G81 1TS

SOLICITOR

TC Young
7 West George Street
Glasgow
G2 1BA

FAIFLEY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020

The Management Committee presents its report and the financial statements for the year ended 31 March 2020.

Legal Status

Faifley Housing Association Ltd (FHA) is a Non Profit Distributing social housing organisation registered under the Corporate and Communities Benefit Societies Act 2014 No 2384R (S). The Association is a registered Scottish Charity number SC037273

The Governing Body, the Management Committee of FHA, currently consists of 9 Members, 2 of whom are co-optees.

The principal activity of the Association is to provide affordable, good quality rented accommodation through its current stock of 332 homes and good quality affordable services to the 23 owner occupier homes which it factors

Review of Business and Future Development

2019/20 has been a year of considerable change and challenge for FHA, in addition to the unprecedented changes wrought by the current pandemic.

The Director retired from his long service in February 2020, after a period of absence during which time FHA failed to comply with the regulatory requirement to submit an Annual Assurance Statement by 31 October 2019, and subsequently submitted late in mid November 2019. This Annual Assurance Statement acknowledged a lack of compliance with the Regulatory Standards required by the Scottish Housing Regulator (the Regulator)

Following this and having engaged with the Regulator, the Association appointed an interim Director early December 2020 who successfully refreshed and strengthened its Committee of Management membership which had become depleted during the period and fallen below the necessary minimum number of 7. At the same time, the Association commissioned a comprehensive independent Governance Review encompassing both the Regulatory Requirement and the Standards of Governance and Financial Management.

Strategy and Objectives

The Management Committee has an overriding commitment to the provision of safe, secure, high quality, affordable housing services continuing to be provided to its tenants, residents and customers both old and new. At a time when secure housing is more important than ever, this involves ensuring the long term financial viability of the Association so that Faifley can continue providing well maintained houses, services and environment to sustain the area's value, amenity and popularity with those seeking a home. FHA strives always to be a good employer, and values greatly the quality of staff, agents and contractors

At its conclusion in May 2020, the Governance Review found that the Association did not fully comply with any of the Regulatory Standards and produced extensive recommendations across of the Organisational, Operational and Health and Safety aspects of the business.

FAIFLEY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020

Review of Business and Future Developments (Contd.)

These findings and recommendations were considered in detail at the Association's Management Committee on 30 June 2020. In recognition of the need to ensure tenants residents and staff safety and interests in line with its fundamental aims and objectives, the Management Committee, accepted fully these findings, and approved the following immediate course of action and early action plan:

- *undertaking a full audit of the provisions in place to look after Tenant and Resident and Staff health and safety and action any deficit accordingly*
- *commissioning and completing a Strategic Options Appraisal (SOA) as early as possible, while ensuring any matters relating to statutory and regulatory compliance will be actioned as required.*
- *Looking at the future options for the Association to ensure that tenants and residents interests are served in a compliant, safe and financially viable way; including an objective review of its current structure and decision on its future structure.*
- *The SOR will include an independent external financial review of its viability short, medium and long term including:*
 - *Reviewing the Association's treatment of its Stock, its Asset Strategy and its investment and maintenance based on commissioning a 2020 update of the current Stock Condition Survey*
 - *the Affordability of its Rents*

Covid 19 and Lockdown

In common with all other Social Landlords in Scotland, FHA has required to vary its service to tenants and residents and customers to protect tenants, residents, staff and contractors and their households. Since 25 March 2020 all staff have been working from home or furloughed where working from home was not possible. The Office has been closed to the public since 18 March 2020.

The service has been stripped back to emergency only, concentrating again on tenant resident and worker safety and in line with UK and Scottish Government provisions and those of SHR. Gas and non-gas emergencies continue to be attended and annual gas servicing is taking place subject to Covid 19 conditions.

FHA is allocating our small number of empty properties using safe methods and we have built on our relationship with West Dunbartonshire Council (WDC) to solidify a good record in assisting the local housing authority with homelessness in the area

Our Offices are owned by WDC and we have been given mid- September as the earliest date of return to any kind of safe Office based working.

IT

On 30 March 2020 FHA's server failed and those aspects of service reliant on any related infrastructure and software were temporarily lost for about 14 days while emergency measures were put in place. All aspects of FHA's IT infrastructure, equipment, telephony and support service have now been replaced and modernised to a high standard for both Office and home working

FAIFLEY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020

Review of Business and Future Developments (Contd.)

Performance

In spite of the challenges faced by the Association during the second half of 2020/21, the Association continues to provide positive services to the local community and has been able to achieve good outcomes on key performance indicators which benchmark well within its group of peers and comparator Associations (figures per ARC):

- Annual Gas servicing - 100%
- Low stock turnover of - 0.05%
- Net current rent arrears - 2.95%
- Low void losses of - 0.24%
- tenants satisfied with overall service- 97.79%
- Supporting tenants to access £85,229 in additional welfare benefits; and
- Community Fund Grant of £30,800 for Community Councils mobile foodbank

Prospects

For the financial year to 31 March 2019, the Association generated an increased surplus of £766,424 and had closing net assets of £5,224,319. Cash balances amount to £1,492,520.

The current budget is being reviewed in light of the requirements of the Governance Review, the IT replacement programme and effects of Covid 19 on the repair and investment programme.

Covid 19 curtailed expenditure on larger scale component (kitchen) replacements at the end of 2019/20 and also the progress on non-emergency, routine items, environmental works and major repairs. A limited investment of £268k in repair and improvements to the Association's housing stock mainly through reactive and cyclical maintenance and individual component replacements including adaptations was made last year. The backlog will be progressed in 2020/21 as it becomes permissible and safe to do so.

Any adjustments in the immediate planned maintenance programme will be to allow a review and redress of previous investment priorities in line with the prospective 2020 Stock Condition Survey and is not due to a lack of funds.

Updates to the financial outlook have been completed since the year end and these demonstrate continuing viability, under reasonable assumptions, over the short, medium and long term. FHA continues to comply with its loan covenants.

The Association's lender is supportive of the Association's immediate plans for which there is no lack of funding. The Association will continue to keep the bank advised of FHA's resourcing of and progress with its early action plan and the progress with its Option Appraisal.

Likewise the Association is liaising as necessary and working constructively with the Regulator to address the wide ranging failings identified by the Governance Review.

FAIFLEY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020

Management Committee and Executive Officers

The members of the Management Committee and the Executive officers are listed on page 1.

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

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

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Management Committee to prepare financial statements for each financial year that 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 a going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on internal financial control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. It is 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.

Going Concern

Based on its budgetary and forecasting processes the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

FAIFLEY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020

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 misstatement 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 receives 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 end 31 March 2020. 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.

Disclosure of Information to the Auditor

The members of the Management Committee at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution to reappoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

FAIFLEY HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2020

By order of the Management Committee

A black rectangular redaction box covering a signature.

BRENDA CAMERON

Secretary

29/8/2020

FAIFLEY HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF FAIFLEY HOUSING ASSOCIATION ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on page 6 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 to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement of Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

Through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by 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
Accountants and Business Advisers
Statutory Auditors
GLASGOW

29/8/2020



Alexander Sloan
Accountants and Business Advisers

FAIFLEY HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIFLEY HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2020

Opinion

We have audited the financial statements of Faifley Housing Association Limited (the 'Association') for the year ended 31 March 2020 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 and of the 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 Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are immaterial.

Basis of 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 United Kingdom, including the Financial Reporting Council'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 audit opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to 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 contained 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.

FAIFLEY HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FAIFLEY HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2020 (continued)

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records in accordance with the legislation; or
- 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.

Responsibilities of the Management Committee

As explained more fully in the statement of Management Committee's responsibilities as set out on page 5, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of the 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 Management Committee either intend to liquidate the Association or to cease operations, or have 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our audit report.

Use of our report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an 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.

ALEXANDER SLOAN

Accountants and Business Advisers

Statutory Auditors

GLASGOW

29/8/2020



Alexander Sloan
Accountants and Business Advisers

FAIFLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	£	2020 £	£	2019 £
Revenue	2		1,932,942		1,906,098
Operating costs	2		1,470,843		1,551,322
OPERATING SURPLUS			462,099		354,776
Interest receivable and other income		3,948		4,170	
Interest payable and similar charges	7	(30,623)		(31,946)	
Other Finance income/(charges)	10	(9,000)		(10,000)	
			(35,675)		(37,776)
Surplus on ordinary activities before taxation	8		426,424		317,000
SURPLUS FOR THE YEAR			426,424		317,000
Other comprehensive income					
Adjustment relating to opening pension liability	17		-		(149,000)
Actuarial gains/(losses) on defined benefit pension plan	17		340,000		(16,000)
TOTAL COMPREHENSIVE INCOME			766,424		152,000

The results relate wholly to continuing activities.

The notes on pages 15 to 33 form an integral part of these financial statements.

FAIFLEY HOUSING ASSOCIATION LIMITED**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	Notes	2020	2019
		£	£
NON-CURRENT ASSETS			
Housing properties - depreciated cost	11	18,025,002	18,649,775
Other tangible assets	11	27,011	14,332
		<u>18,052,013</u>	<u>18,664,107</u>
CURRENT ASSETS			
Receivables	12	57,837	58,184
Cash and cash equivalents	13	1,492,520	1,162,324
		<u>1,550,357</u>	<u>1,220,508</u>
CREDITORS: Amounts falling due within one year	14	(287,026)	(326,761)
NET CURRENT ASSETS		<u>1,263,331</u>	<u>893,747</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		19,315,344	19,557,854
CREDITORS: Amounts falling due after more than one year	15	(1,969,143)	(2,122,427)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES			
Scottish housing association pension scheme	17	(26,000)	(407,000)
		<u>(26,000)</u>	<u>(407,000)</u>
DEFERRED INCOME			
Social housing grants	18	(12,041,738)	(12,514,537)
Other grants	18	(54,144)	(55,969)
		<u>(12,095,882)</u>	<u>(12,570,506)</u>
NET ASSETS		<u>5,224,319</u>	<u>4,457,921</u>
EQUITY			
Share capital	19	31	57
Revenue reserves		5,250,288	4,864,864
Pension reserves		(26,000)	(407,000)
		<u>5,224,319</u>	<u>4,457,921</u>

29/8/2020

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on


 Committee Member


 Committee Member


 Secretary

The notes on pages 15 to 33 form an integral part of these financial statements.

FAIFLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	£	2020 £	£	2019 £
Surplus for the Year			426,424		317,000
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	11	650,256		683,820	
Amortisation of capital grants	18	(474,624)		(486,383)	
Non-cash adjustments to pension provisions		(41,000)		(37,000)	
Share capital written off	19	(31)		-	
			131,101		160,437
Interest receivable			(3,948)		(4,170)
Interest payable	7		30,623		31,946
Operating cash flows before movements in working capital			584,200		505,213
Change in debtors		347		5,572	
Change in creditors		(31,628)		(16,011)	
			(31,281)		(10,439)
Net cash inflow from operating activities			552,919		494,774
Investing Activities					
Acquisition and construction of properties		(11,586)		(496,544)	
Purchase of other fixed assets		(26,576)		(10,510)	
Changes on short term deposits with banks		-		690,418	
Proceeds on disposal of other tangible assets		3,500		-	
Net cash (outflow) / inflow from investing activities			(34,662)		183,364
Financing Activities					
Interest received on cash and cash equivalents		3,948		4,170	
Interest paid on loans		(30,623)		(31,946)	
Loan principal repayments		(161,391)		(213,527)	
Share capital issued	19	5		1	
Net cash outflow from financing activities			(188,061)		(241,302)
Increase in cash	20		330,196		436,836
Opening cash & cash equivalents			1,162,324		725,488
Closing cash & cash equivalents			1,492,520		1,162,324
Cash and cash equivalents as at 31 March					
Cash	20		1,492,520		1,162,324
			1,492,520		1,162,324

The notes on pages 15 to 33 form an integral part of these financial statements.

FAIFLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2020

	Share Capital £	Scottish Housing Association Pension reserve £	Revenue Reserve £	Total £
Balance as at 1 April 2018	56	-	4,305,864	4,305,920
Issue of Shares	1	-	-	1
Other comprehensive income	-	(165,000)	-	(165,000)
Other movements	-	(242,000)	242,000	-
Surplus for the year	-	-	317,000	317,000
Balance as at 31 March 2019	57	(407,000)	4,864,864	4,457,921
Balance as at 1 April 2019	57	(407,000)	4,864,864	4,457,921
Issue of Shares	5	-	-	5
Cancellation of Shares	(31)	-	-	(31)
Other comprehensive income	-	340,000	-	340,000
Other movements	-	41,000	(41,000)	-
Surplus for the year	-	-	426,424	426,424
Balance as at 31 March 2020	31	(26,000)	5,250,288	5,224,319

The notes on pages 15 to 33 form an integral part of these financial statements.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

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 2018. 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 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below

Revenue

Revenue comprises rental and service charge income receivable in the period, income from shared ownership first tranche sales, sales of properties built for sale, other services provided, revenue grants receivable and government grants released to income in the period.

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government grants are released to income over the expected useful life of the asset to which they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

Retirement Benefits

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme. 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 organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102.

Going Concern

On the basis that the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

<i>Component</i>	<i>Useful Economic Life</i>
Kitchen Units	Over 15 years
Central Heating Boilers	Over 15 years
Door Entry System	Over 20 years
Floor Coverings	Over 20 years
Timber Crib Walls	Over 20 years
Gutters and Downpipes	Over 30/40 years
External Lovres	Over 25 years
Timber Fencing	Over 25/30 years
Central heating Radiators	Over 30 years

Depreciation and Impairment of Other Tangible Assets

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

<i>Asset Category</i>	<i>Depreciation Rate</i>
Office Premises	25%
Furniture and Fittings	25%
Computer & Office Equipment	25%
Van	25%

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

Social Housing Grants and Other Capital Grants

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 they relate.

Social housing grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

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.

Taxation

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

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Leases

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 or the term of the lease whichever is shorter.

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, a material reduction in future maintenance costs, or a significant extension of the life of the property.

Borrowing Costs

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. All other borrowing costs are expensed to the statement of comprehensive income using the effective interest rate method.

Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. 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.

Cash and Liquid Resources

Cash comprises cash at bank and in hand, deposits repayable on demand less overdrafts. Liquid resources are current asset investments that can't be disposed of without penalty and are readily convertible into amounts of cash at their carrying value.

Impairment

The Association assesses at the end of each accounting period whether there are indications that a non-current asset may be impaired or that an impairment loss previously recognised has fully or partially reversed.

Where the carrying value of non-current assets is less than their recoverable amounts the shortfall is recognised as an impairment loss in the Statement of Comprehensive Income. The recoverable amount is the higher of the fair value less costs to sell and value-in-use of the asset based on its service potential.

Impairment losses previously recognised are reversed if the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the the Association to exercise judgement in applying the it'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.

Key Judgements

a) 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 Management Committee 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 Management Committee has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In their judgement 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

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

Estimation Uncertainty

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.

d) Defined pension liability

In determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	Notes	Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	1,922,696	1,460,172	462,524	1,900,287	1,541,273	359,014
Other Activities	4	10,246	10,671	(425)	5,811	10,049	(4,238)
Total		1,932,942	1,470,843	462,099	1,906,098	1,551,322	354,776

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

	General Needs Housing £	Supported Housing £	2020 Total £	2019 Total £
Revenue from Lettings				
Rent receivable net of service charges	1,394,658	50,938	1,445,596	1,404,355
Gross income from rent and service charges	1,394,658	50,938	1,445,596	1,404,355
Less: Rent losses from voids	4,416	-	4,416	4,844
Income from rents and service charges	1,390,242	50,938	1,441,180	1,399,511
Grants released from deferred income	453,752	20,872	474,624	486,383
Revenue grants from Scottish Ministers	6,892	-	6,892	14,393
Total turnover from affordable letting activities	1,850,886	71,810	1,922,696	1,900,287
Expenditure on affordable letting activities				
Management and maintenance administration costs	542,272	18,987	561,259	511,580
Planned and cyclical maintenance, including major repairs	131,807	-	131,807	212,890
Reactive maintenance costs	105,593	18,611	124,204	130,246
Bad Debts - rents and service charges	6,543	-	6,543	11,306
Depreciation of affordable let properties	608,549	27,810	636,359	675,251
Operating costs of affordable letting activities	1,394,764	65,408	1,460,172	1,541,273
Operating surplus on affordable letting activities	456,122	6,402	462,524	359,014
2019	344,386	14,628		

Included in the figure for planned & cyclical maintenance is an amount for major repairs of £27,087 (2019 - £65,745).

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Other income	Total Turnover	Other operating costs	Operating surplus / (deficit)	Operating surplus / (deficit)
	£	£	£	2020	2019
				£	£
Wider role activities	2,834	2,834	6,759	(3,925)	(4,238)
Factoring	2,057	2,057	2,057	-	-
Other activities	5,355	5,355	1,855	3,500	-
Total From Other Activities	10,246	10,246	10,671	(425)	(4,238)
2019	5,811	5,811	10,049	(4,238)	

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2020 £	2019 £
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. Emoluments exclude social security costs.		
No Officer of the Association received emoluments greater than £60,000.		
Emoluments payable to Director Resigned 28 February 2020 (excluding pension contributions)	54,206	56,388
Pension contributions paid on behalf of the Director Resigned 28 February 2020	4,867	7,053
Total emoluments payable to the Director Resigned 28 February 2020	<u>59,073</u>	<u>63,441</u>
Total emoluments paid to key management personnel	<u>59,073</u>	<u>63,441</u>
Consideration paid for services of key management personnel paid to third parties	<u>21,361</u>	<u>-</u>

6. EMPLOYEE INFORMATION

	2020 No.	2019 No.
Average monthly number of full time equivalent persons employed during the year	<u>6</u>	<u>6</u>
Average total number of employees employed during the year	<u>6</u>	<u>6</u>
Staff costs were:	£	£
Wages and salaries	246,145	233,940
National insurance costs	22,683	21,774
Pension costs	60,000	31,027
	<u>328,828</u>	<u>286,741</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£	£
On bank loans and overdrafts	<u>30,623</u>	<u>31,946</u>

8. SURPLUS FOR THE YEAR

	2020	2019
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	650,256	683,820
Auditors' remuneration - audit services	9,000	8,328
Operating lease rentals - land & buildings	9,500	9,500
Operating lease rentals - other	1,339	1,785
Gain on sale of other fixed assets	<u>(3,500)</u>	<u>-</u>

9. CORPORATION TAX

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

10. OTHER FINANCE INCOME / (CHARGES)

	2020	2019
	£	£
Net interest on pension obligations	<u>(9,000)</u>	<u>(10,000)</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020
NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Total £
COST		
At 1 April 2019	28,573,284	28,573,284
Additions	11,586	11,586
Disposals	(3,434)	(3,434)
At 31 March 2020	28,581,436	28,581,436
DEPRECIATION		
At 1 April 2019	9,923,509	9,923,509
Charge for Year	636,359	636,359
Disposals	(3,434)	(3,434)
At 31 March 2020	10,556,434	10,556,434
NET BOOK VALUE		
At 31 March 2020	18,025,002	18,025,002
At 31 March 2019	18,649,775	18,649,775

	2020		2019	
Expenditure on Existing Properties	Component replacement £	Improvement £	Component replacement £	Improvement £
Amounts capitalised	11,586	-	496,544	-
Amounts charged to the statement of comprehensive income		256,011		343,136

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carry value of £10,324,989 (2019 - £10,669,820)

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Machinery & Equipment £	Total £
COST				
At 1 April 2019	4,754	172,227	17,128	194,109
Additions	-	4,056	22,520	26,576
Eliminated on disposals	-	-	(17,128)	(17,128)
At 31 March 2020	4,754	176,283	22,520	203,557
DEPRECIATION				
At 1 April 2019	4,754	157,895	17,128	179,777
Charge for year	-	8,267	5,630	13,897
Eliminated on disposals	-	-	(17,128)	(17,128)
At 31 March 2020	4,754	166,162	5,630	176,546
NET BOOK VALUE				
At 31 March 2020	-	10,121	16,890	27,011
At 31 March 2019	-	14,332	-	14,332

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

12. RECEIVABLES

	2020 £	2019 £
Gross arrears of rent and service charges	77,516	66,050
Less: Provision for doubtful debts	(37,234)	(32,257)
<i>Net arrears of rent and service charges</i>	40,282	33,793
Other receivables	17,555	24,391
	<u>57,837</u>	<u>58,184</u>

13. CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash at bank and in hand	<u>1,492,520</u>	<u>1,162,324</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

14. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans	156,597	164,704
Trade payables	24,363	71,639
Rent received in advance	43,494	43,258
Other payables	17,237	14,775
Accruals and deferred income	45,335	32,385
	<u>287,026</u>	<u>326,761</u>

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

	2020	2019
	£	£
Bank loans	<u>1,969,143</u>	<u>2,122,427</u>

16. DEBT ANALYSIS - BORROWINGS

	2020	2019
	£	£
Bank Loans		
Amounts due within one year	156,597	164,704
Amounts due in one year or more but less than two years	158,597	158,597
Amounts due in two years or more but less than five years	399,331	441,017
Amounts due in more than five years	1,411,214	1,522,813
	<u>2,125,739</u>	<u>2,287,131</u>

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 (2019 - 172) housing properties are secured to lenders in respect of these loan facilities.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Faifley Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which runs to 28 February 2022.

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 reapportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

In 2019 the Pensions Trust, the administrator of the Scheme developed a method of determining the share of assets and liabilities for individual employers. This method was adopted by the Association in 2019 and resulted in an adjustment to the opening pension liability recognised in the statement of financial position of £-149000.

Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

	2020	2019
	£	£
Fair value of plan assets	2,328,000	2,114,000
Present value of defined benefit obligation	2,354,000	2,521,000
Surplus / (deficit) in plan	(26,000)	(407,000)
Defined benefit asset / (liability) to be recognised	(26,000)	(407,000)

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2020	2019
	£	£
Defined benefit obligation at the start of period	2,521,000	2,796,000
Current service cost	58,000	52,000
Expenses	2,000	2,000
Interest expense	59,000	72,000
Contributions by plan participants	29,000	29,000
Actuarial losses (gains) due to scheme experience	61,000	(553,000)
Actuarial losses (gains) due to changes in demographic assumptions	(13,000)	6,000
Actuarial losses (gains) due to changes in financial assumptions	(265,000)	130,000
Benefits paid and expenses	(98,000)	(13,000)
Defined benefit obligation at the end of period	2,354,000	2,521,000

Reconciliation of opening and closing balances of the fair value of plan assets

	2020	2019
	£	£
Fair value of plan assets at start of period	2,114,000	2,368,000
Interest income	50,000	62,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	123,000	(433,000)
Contributions by the employer	110,000	101,000
Contributions by plan participants	29,000	29,000
Benefits paid and expenses	(98,000)	(13,000)
Fair value of plan assets at the end of period	2,328,000	2,114,000

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £173,000

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2020	2019
	£	£
Current service cost	58,000	52,000
Expenses	2,000	2,000
Net interest expense	9,000	10,000
	<u>69,000</u>	<u>64,000</u>
Defined benefit costs recognised in statement of comprehensive income	69,000	64,000

Defined benefit costs recognised in the other comprehensive income

	2020	2019
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	123,000	(433,000)
Experience gains and losses arising on plan liabilities - gain /(loss)	(61,000)	553,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	13,000	(6,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	265,000	(130,000)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	<u>340,000</u>	<u>(16,000)</u>
Total amount recognised in other comprehensive income - gain (loss)	<u>340,000</u>	<u>(16,000)</u>

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2020	2019	2018
	£	£	£
Absolute Return	143,000	179,000	281,000
Alternative Risk Premia	187,000	118,000	90,000
Corporate Bond Fund	170,000	148,000	165,000
Credit Relative Value	56,000	37,000	-
Distressed Opportunities	42,000	36,000	11,000
Emerging Markets Debt	83,000	68,000	81,000
Fund of Hedge Funds	-	6,000	68,000
Global Equity	320,000	340,000	426,000
Infrastructure	137,000	89,000	43,000
Insurance-Linked Securities	62,000	55,000	65,000
Liability Driven Investment	613,000	752,000	833,000
Long Lease Property	57,000	26,000	-
Net Current Assets	18,000	2,000	4,000
Over 15 Year Gilts	30,000	54,000	76,000
Private Debt	46,000	27,000	22,000
Property	43,000	42,000	94,000
Risk Sharing	74,000	61,000	22,000
Secured Income	129,000	74,000	87,000
Opportunistic Illiquid Credit	57,000	-	-
Liquid Credit	61,000	-	-
Total assets	2,328,000	2,114,000	2,368,000

None of the fair values of the assets shown above include any direct investment in the Association's own financial instruments or any property occupied by, or other assets used by the Association.

Key Assumptions

	2020	2019	2018
Discount Rate	2.4%	2.3%	2.6%
Inflation (RPI)	2.6%	3.3%	3.2%
Inflation (CPI)	1.6%	2.3%	2.2%
Salary Growth	2.6%	3.3%	3.2%
	75% of maximum allowance	75% of maximum allowance	75% of maximum allowance
Allowance for commutation of pension for cash at retirement			

The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

	Life expectancy at age 65 years
	(years)
Male retiring in 2020	21.5
Female retiring in 2020	23.2
Male retiring in 2040	22.8
Female retiring in 2040	24.5

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

18. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
Capital grants received			
At 1 April 2019	21,368,560	91,223	21,459,783
Eliminated on disposal	(870)	-	(870)
At 31 March 2020	<u>21,367,690</u>	<u>91,223</u>	<u>21,458,913</u>
Amortisation			
At 1 April 2019	8,854,023	35,254	8,889,277
Amortisation in year	472,799	1,825	474,624
Eliminated on disposal	(870)	-	(870)
At 31 March 2020	<u>9,325,952</u>	<u>37,079</u>	<u>9,363,031</u>
Net book value			
At 31 March 2020	<u>12,041,738</u>	<u>54,144</u>	<u>12,095,882</u>
At 31 March 2019	<u>12,514,537</u>	<u>55,969</u>	<u>12,570,506</u>

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

	2020 £	2019 £
Amounts due within one year	474,624	486,383
Amounts due in more than one year	11,621,258	12,084,123
	<u>12,095,882</u>	<u>12,570,506</u>

19. SHARE CAPITAL

Shares of £1 each, issued and fully paid	2020	2019
	£	£
At 1 April	57	56
Issued in year	5	1
Cancelled in year	(31)	-
At 31 March	<u>31</u>	<u>57</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.

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

20. CASH FLOWS

Reconciliation of net cash flow to movement in net debt

	2020	2019
	£	£
Increase in cash	330,196	436,836
Cashflow from change in net debt	161,391	(268,187)
Movement in net debt during the year	491,587	168,649
Net debt at 1 April	(1,124,807)	(1,293,456)
Net debt at 31 March	(633,220)	(1,124,807)

Analysis of changes in net debt	At 01 April 2019	Cashflows	Other Changes	At 31 March 2020
	£	£	£	£
Cash and cash equivalents	1,162,324	330,196	-	1,492,520
Debt: Due within one year	1,162,324	330,196	-	1,492,520
Due after more than one year	(164,704)	161,391	(153,284)	(156,597)
Net debt	(2,122,427)	-	153,284	(1,969,143)
	(1,124,807)	491,587	-	(633,220)

21. COMMITMENTS UNDER OPERATING LEASES

	2020	2019
	£	£
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Land and Buildings		
Expiring in the next year	9,500	9,500
Other		
Expiring in the next year	-	1,339

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, Clydebank.

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

FAIFLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 NOTES TO THE FINANCIAL STATEMENTS (continued)

23. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £19 (2019 - £200) 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. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2020 No.	2019 No.
General needs	217	217
Supported housing	104	104
Shared ownership	11	11
	<u>332</u>	<u>332</u>

25. RELATED PARTY TRANSACTIONS

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

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:

	2020 £	2019 £
Rent received from tenants on the Management Committee and their close family members	<u>34,175</u>	<u>34,183</u>
Factoring charges received from factored owners on the Management Committee and their close family members	<u>-</u>	<u>1,491</u>

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £500 (2019 - £745).

At the year end total factoring arrears owed by owner occupiers on the Management Committee (and their close family) were £0 (2019 - £700).

Members of the Management Committee who are tenants	6	6
Members of the Management Committee who are owner occupiers	-	3

The Association donated £25 to a charity where one of the Committee Members is a Trustee. The Association also donated £205 to a charity whose has a Trustee which is a close family member of a committee member.