



**Alexander Sloan**  
Accountants and Business Advisers

# **Ferguslie Park Housing Association**

**Report and Financial Statements**

**For the year ended 31st March 2017**

**Registered Housing Association No.RSL99**

**FCA Reference No. 2282R(S)**

**Scottish Charity No. SC034893**

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### MANAGEMENT COMMITTEE

Elaine Carter	Chairperson
Shona McIntyre	Vice-Chairperson
Kenny McCafferty	
Kirsty Parker	
Stuart Piggott	
Julianne Scarlett	
James Strang	
Richard Bolton	(Appointed 10 August 2016)
Andrea McLaughlan	(Appointed 12 September 2016)
Fiona Murphy	(Appointed 26 June 2016)
Elaine Stevenson	(Resigned 2 August 2016)
Jean Rhodes	(Resigned 7 September 2016)
Lucia Mvere	(Appointed 10 August 2016 Resigned 26 April 2017)

### EXECUTIVE OFFICERS

Lynn McCulloch	Interim Chief Executive and Secretary
Liz Whitehill	Depute Director (Left September 2016)
Paul Rydquist	Special Manager

### REGISTERED OFFICE

The Tannahill Centre  
76 Blackstoun Road  
Ferguslie Park  
Paisley  
PA3 1NT

### AUDITORS

Alexander Sloan  
Chartered Accountants  
38 Cadogan Street  
Glasgow  
G2 7HF

### INTERNAL AUDITORS

Quinn Internal Audit & Business Support Services  
120 Kingsknowe Road North  
Edinburgh  
EH14 2DG

### BANKERS

The Bank of Scotland plc  
The Cross  
Paisley  
PA1 1DD

### SOLICITORS

T C Young  
7 West George Street  
Glasgow  
G2 2HG

### FINANCE AGENTS

FMD Financial Services Limited  
KCEDG Commercial Centre  
Unit 29, Ladyloan Place,  
Glasgow  
G15 8LB

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

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

### Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2282R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC034893.

### Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

### Strategy and Objectives

The Association and its only subsidiary The New Tannahill Centre Ltd, decided to remain connected under a new name of The Ferguslie Group. The Group Vision is "where the potential of Ferguslie Park is fully realised". The purpose of the Ferguslie Group is to work together to regenerate Ferguslie Park and to work with partners to channel ideas, action and investment. Both group members agreed a completely new 3-year Corporate Plans during the year. In the business planning process Ferguslie Park Housing Association clarified its own vision; "serving the community, valued by the community" and updated its key strategic objectives to;

- provide excellent homes and a local environment to be proud of
- support and enable local people to realise their full potential in a vibrant community
- inspire confidence and trust from our tenants, staff and partners
- develop a strong team of talented and committed people
- safeguard our assets, strong financial position and long-term affordability and sustainability

This thorough review of our strategy and objectives took account of our tenants' priorities, the Council's plans for regeneration in the area, the factors leading to Ferguslie Park containing several areas of multiple deprivation - including the "most deprived" datazone in Scotland, and of our commitment to be fully compliant with regulatory requirements and best practice. The Corporate Plan resulting from this is a big step forward in clarifying our purpose, potential, priorities and progress. It also re-established committee control of the strategic planning process and overall strategic direction of the Association.

### Review of Business

Our status of high engagement with the Scottish Housing Regulator which began in February 2016 continued throughout the year and is expected to continue in 2017/18. The Manager and three committee members appointed by the Regulator have assisted the Association in making substantial progress in addressing weaknesses that had been identified in the areas of governance and financial management. In the Regulation Plan published in March 2017 the Regulator reported:

*"Ferguslie Park Housing Association is making good progress in putting in place the necessary policies, internal controls and safeguards which are needed to ensure that it meets our regulatory standards of governance and financial management."*

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### Review of Business and Future Developments (Contd.)

The progress achieved in governance and financial management includes:

- An independently facilitated Options Appraisal on the future structure of the Association resulting in a decision to remain an independent housing association which will collaborate more with partners to pursue joint aims and share expertise.
- A clarified Group Structure including governance and control arrangements between FPHA and its subsidiary the New Tannahill Centre Ltd and rationalisation of FPHA Sub Committees
- Completion of 76% of the comprehensive Governance Improvement Plan by March 2017 (which has increased to 84% at the end of May 17).
- More than 70% of 25 governance policies and documents reviewed and fit for purpose
- Implementation of formal Committee roles, responsibilities and completion of the first of annual committee training plans.
- Independent and comprehensive tenant and resident surveys on which the Group plans have been based and which are being kept up to date with new smaller quarterly tenant surveys.
- Renegotiation of borrowing facilities to the satisfaction of the Association's lender, which ended the risk of a repayment requirement.
- A review and update of its Treasury Management and Financial Projections to ensure that the Association continues to remain financially viable in the short, medium and long-term. Both the Association's and its subsidiary company's updated Corporate Plans incorporate these changes.
- Starting a review of its staff pension provision and funding arrangements.
- A comprehensive review, with expert assistance, of all the Association's risks and systems in place for continuously monitoring these risks.
- Finally, emphasis has also been put on ensuring that the Management Committee has in place people with the right mix of skills and experience to ensure the interests of the tenants of Ferguslie Park are met to the highest standard.

This progress will allow the Association to replace the interim arrangements with a permanent staff management team in 2017/18. The Management Committee expects high engagement with the Regulator to continue until the Regulator is satisfied that the new management team and the strengthened Management Committee are operating well and continuing the improvements achieved. The Committee continues to value this assistance and oversight.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### Review of Business and Future Developments (Contd.)

The Management Committee widened its plans beyond governance and financial management to improve services to tenants, by:

- Carrying out a major review of the condition of its entire housing stock resulting in clear 5 and 30-year plans for the work that needs to be done to maintain its housing stock in the best possible condition.
- Re-starting the delivery of maintenance works of painting, kitchens, bathrooms and boiler replacements in a new priority order.
- Re-procuring its contractors for gas, electrical, boilers, painting and environmental maintenance.
- Fully reviewing its staffing structure with additional Housing, and Property, officers to start providing the best possible service delivery to its tenants and the local community.
- Using independent internal audit work through the year to complement the planned internal improvement.
- Balancing this internal focus with a new outward focus to rebuild links with partners like the Council, local housing associations, the Scottish Government, local politicians, neighbouring organisations and trade bodies like the Scottish Federation of Housing Associations.
- Requiring new contractors and advisors to provide community benefits such as employment, training, social and cultural opportunities in return for working in Ferguslie Park.
- A thorough programme of Staff training.
- Working with other local organisations in the community to improve the service delivered by its subsidiary company, The New Tannahill Centre, for the benefit of the community.

### Financial Review of the Year Ended 31 March 2017

In the year just ended the Association made a surplus of £948,500, compared to £896,443 in the previous year. These surpluses are necessary to ensure that the Association can deliver its short, medium and long-term plans to maintain its housing stock to the highest possible standards.

The Association spent £277,518 in replacing components such as boilers, kitchens and bathrooms within its housing stock, with a much larger investment of expenditure in excess of £1.5m planned for 2017/18. This is the beginning of the delivery of the work identified in the review of the condition of the Association's housing stock.

The loans were renegotiated with its lender and the revised loan covenants were all met. In the year the Association repaid £297,948 of its loan debt, leaving a balance outstanding of £2,396,001 at 31 March 2017.

The Association's cash position increased from £1,196,627 at the start of the year to £1,646,393 at 31 March 2017. This balance will reduce, however, over the coming year as the Association starts to deliver its £1.5m of planned property improvements.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### Financial Review of the Year Ended 31 March 2017 (Contd.)

The Association's reserves have increased from £9,432,205 to £10,380,711 reflecting the surplus for the year.

### Future Prospects

The Association looks forward with confidence to building on its achievements in 2016/17. It expects to:

- Fully complete the Governance Improvement Plan
- Consolidate a strong management committee with further new members
- Continue the training and learning plans for committee and staff
- Invest £1.5m in home improvements
- Put a new Repairs contract in place
- Develop an asset management strategy
- Recruit a permanent staff management team
- Implement a new tenant engagement strategy and arrangements for tenants to scrutinise its performance
- Continue with a communications strategy to regain and protect its reputation

Like all social landlords, Ferguslie Park Housing Association faces a number of serious challenges moving into the current year, however as a result of the work done to date it is well placed to meet these challenges which include:

**Welfare Reform** – The Association is in no doubt that changes such as the Benefit Cap, payment of rent benefits directly to tenants, the 6 week waiting time for Universal Credit to be paid, the frequent withdrawal of benefits when circumstances change and many others will have a seriously detrimental effect on our tenants and are therefore a threat to the Association's rental income. The welfare reform strategy includes the employment of two skilled full-time Welfare Rights staff, and collaboration with the Tannahill Centre, local newspaper and Renfrewshire Council to raise awareness and provide assistance.

**Affordability** – The freezing and capping of welfare benefits but also the prevalence locally of zero hours contracts and low paid employment opportunities bring hardship for many tenants, especially those with dependent children. In the year, the Association held its rent increase to just 0.9% based on a compromise of ensuring financial viability whilst at the same time recognising the affordability of rents for its tenants.

**Value for Money** – The Association has a budget in place to deliver all of the objectives carried out in its strategic review. Actual performance will be monitored by the Committee throughout the year to ensure that the plans set out are being delivered. An essential part of this process will be to ensure that the Association is getting the best value it can from the money it receives from tenants. A new procurement strategy will be part of that approach and substantial savings were achieved in 2016/17 by good management of the Repairs contract and re-procurement of other contracts.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### Key Performance Indicators

Performance Indicators and Targets were reviewed during the business planning process. These aim to improve the Association's performance in areas such as rent collection and the time taken to let empty houses. They also aim to maintain and further improve performance in low stock turnover, low rent loss from empty homes and good tenant satisfaction. The Association took care to ensure the Annual Return to the Regulator on the Tenants Charter was the most accurate to date.

### Principal Risks and Uncertainties

The Association hopes to emerge from its current status of high engagement with the Scottish Housing Regulator as soon as practicable. The Management Committee has welcomed the assistance this brought to recognising the work required and the provision of assistance; and it is confident it will achieve and maintain a lower engagement status. Inevitably, the reputation of the Association has been damaged in the view of its members, tenants and the wider housing sector. Building a new reputation as a rejuvenated, caring, valuable, collaborative and high performing local landlord is essential to the sustainable success of the Association and the communications strategy will focus on explaining and sharing both the past problems and the current progress.



# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### Management Committee and Executive Officers

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

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

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

### Statement of Management Committee's Responsibilities

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

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

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

The Management Committee must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Management Committee are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The members of the Management Committee have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of internal control that is appropriate for the business environment in which it operates. A great deal of progress has been made during the year to put new Governance and Financial controls in place, with the Governance Improvement Plan 76% complete at the end of the year and 84% complete at the date of signing the financial statements.

These improvements include updated Financial Regulations, Financial Procedures, new short, medium and long-term financial projections, a new costed Planned Maintenance/Investment programme, a new Risk Register and Risk Management system and a completely new Corporate Plan. All improvements have been introduced to meet regulatory requirements and best practice.

The Management Committee has renegotiated its business loans with the lender and signed a new agreement. A Group Audit & Risk Sub Committee has been established and this year has received its second annual report on all internal controls, including financial controls. The Association's internal auditor has given assurances on the two areas tested in 2016/17 and the Association is currently re-tendering the service in accordance with good practice.

At the date of signing the Financial Statements the Management Committee is satisfied that steps have been taken to ensure there is appropriate planning, monitoring and control of the Association's financial and business affairs and that the financial control system in place is satisfactory and appropriate to the size and complexity of the organisation. It is the governing body's responsibility to establish and maintain the systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss.

It is the Management Committee's responsibility to establish and maintain systems of Internal Financial Control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

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

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### Statement on Internal Financial Control (continued)

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.

### Donations

During the year the Association made charitable donations amounting to £550 (2016: £560).

### Auditors

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

### By order of the Management Committee



**LYNN MCCULLOCH**

Secretary

30 August 2017

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## REPORT BY THE AUDITORS TO THE MEMBERS OF FERGUSLIE PARK HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 8 and 9 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 pages 8 and 9 has provided the disclosures required by the relevant Regulatory Standards with 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 within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls .



**ALEXANDER SLOAN**  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
30 August 2017



**Alexander Sloan**  
Accountants and Business Advisers



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

**Respective Responsibilities of Management Committee and Auditors**

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

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

**Scope of the audit on the Financial Statements**

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

**Opinion on the financial statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

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

**Matters on which we are required to report by exception**

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

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.

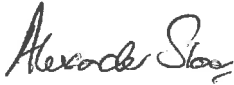
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
FERGUSLIE PARK HOUSING ASSOCIATION LIMITED**

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

- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



**ALEXANDER SLOAN**  
Chartered Accountants  
Statutory Auditors  
GLASGOW  
30 August 2017



**Alexander Sloan**  
Accountants and Business Advisers

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

	Notes	2017	2016
		£	£
<b>REVENUE</b>	2.	4,249,380	4,215,169
Operating Costs	2.	<u>(3,216,448)</u>	<u>(3,233,187)</u>
<b>OPERATING SURPLUS</b>		1,032,932	981,982
Loss On Sale Of Housing Stock	7.	-	(8,829)
Interest Receivable and Other Income		7,836	13,120
Interest Payable and Similar Charges	8.	(50,348)	(51,830)
Other Finance Charges	10.	<u>(41,920)</u>	<u>(38,000)</u>
		<u>(84,432)</u>	<u>(85,539)</u>
Surplus on ordinary activities before taxation	9.	948,500	896,443
Tax on surplus on ordinary activities	10.	-	-
<b>SURPLUS FOR YEAR</b>		<b>948,500</b>	<b>896,443</b>
Other Comprehensive Income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>948,500</u></b>	<b><u>896,443</u></b>

The notes on pages 17 to 32 form part of these financial statements.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2017

	Notes	2017		2016	
		£	£	£	£
<b>NON-CURRENT ASSETS</b>					
Housing Properties - Depreciated Cost	11.(a)		28,522,570		29,216,694
Other Non Current Assets	11.(b)		11,079		44,366
			<u>28,533,649</u>		<u>29,261,060</u>
<b>INVESTMENTS</b>					
Investment in subsidiaries	22.	100		100	
			100		100
<b>CURRENT ASSETS</b>					
Receivables	12.	141,450		44,752	
Cash at bank and in hand		1,646,393		1,196,627	
		<u>1,787,843</u>		<u>1,241,379</u>	
<b>CREDITORS: Amounts falling due within one year</b>	13.	(446,720)		(3,092,541)	
<b>NET CURRENT ASSETS</b>			<u>1,341,123</u>		<u>(1,851,162)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			29,874,872		27,409,998
<b>CREDITORS: Amounts falling due after more than one year</b>	14.		(3,012,376)		(756,558)
<b>DEFERRED INCOME</b>					
Social Housing Grants	16.	(16,481,785)		(17,221,235)	
			<u>(16,481,785)</u>		<u>(17,221,235)</u>
<b>NET ASSETS</b>			<u><u>10,380,711</u></u>		<u><u>9,432,205</u></u>
<b>EQUITY</b>					
Share Capital	17.		69		63
Revenue Reserves			10,380,642		9,432,142
			<u>10,380,711</u>		<u>9,432,205</u>

The Financial Statements were approved by the Management Committee and authorised for issue and signed on their behalf on 30 August 2017.

  
Chairperson

  
Treasurer

  
Secretary

The notes on pages 17 to 32 form part of these financial statements.



# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

	Notes	2017		2016
		£	£	£
<b>Net Cash Inflow from Operating Activities</b>	15.		1,081,720	786,088
<b>Investing Activities</b>				
Acquisition and Construction of Properties		(277,518)	(836,596)	
Purchase of Other Fixed Assets		(360)	(410)	
Purchase of investment properties		-	-	
Social Housing Grant Received		(13,626)		
Social Housing Grant Repaid		-		
Proceeds on Disposal of Other Fixed Assets		-	19,270	
<b>Net Cash Outflow from Investing Activities</b>			(291,504)	(817,736)
<b>Financing Activities</b>				
Loan Advances Received		2,408,164		
Loan Redemption Payments		(2,408,164)	-	
Interest Received on Cash and Cash Equivalents		7,836	13,120	
Interest Paid on Loans		(50,348)	(51,830)	
Loan Principal Repayments		(297,948)	(376,289)	
Share Capital Issued		10	3	
<b>Net Cash Outflow from Financing</b>			(340,450)	(414,996)
<b>Increase / (decrease) in Cash</b>			449,766	(446,644)
<b>Opening Cash &amp; Cash Equivalents</b>			1,196,627	1,643,271
<b>Closing Cash &amp; Cash Equivalents</b>			<b>1,646,393</b>	<b>1,196,627</b>
<b>Cash and Cash equivalents as at 31 March 2017.</b>				
Cash			1,646,393	1,196,627
Bank overdraft			-	-
			<b>1,646,393</b>	<b>1,196,627</b>

The notes on pages 17 to 32 form part of these financial statements.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31st MARCH 2017

	Share Capital	Revenue Reserve	Total
	£	£	£
<b>Balance as at 1st April 2015</b>	60	8,535,699	8,535,759
Issue of Shares	3	-	3
Cancellation of Shares	-	-	-
Surplus for Year	-	896,443	896,443
<b>Balance as at 31 March 2016</b>	<b>63</b>	<b>9,432,142</b>	<b>9,432,205</b>
<b>Balance as at 1st April 2016</b>	63	9,432,142	9,432,205
Issue of Shares	10	-	10
Cancellation of Shares	(4)	-	(4)
Surplus for Year	-	948,500	948,500
<b>Balance as at 31 March 2017</b>	<b>69</b>	<b>10,380,642</b>	<b>10,380,711</b>

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 PRINCIPAL ACCOUNTING POLICIES

##### Statement of Compliance

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

##### 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.

##### Basis Of Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The financial statements for Ferguslie Park Housing Association Limited present information about it as an individual undertaking and not about the group.

##### Revenue

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 of the asset to which it relates.

##### Retirement Benefits

The Association participated in the Scottish Housing Association Defined Benefits Pension Scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. The Association has joined the Defined Contribution Plan of the Scottish Housing Association Pension Scheme.

The Association still has a liability for past service costs contributions to the Scottish Housing Association Defined Benefit Pension Scheme. The Association provides for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

##### Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Land	Not applicable
Structure	50 years
Roofs	30 years
Windows	25 years
Kitchens	15 years
Bathrooms	25 years
Boilers	15 years
Central Heating	30 years

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

#### **Depreciation And Impairment Of Other Non-Current Assets**

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

Office Premises	- amortised over expected occupancy period
Furniture and Fittings	- 20% reducing balance
Office Equipment	- 33% straight line

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**

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

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

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

##### **Estimation Uncertainty**

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

##### **a) Rent Arrears - Bad Debt Provision**

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

##### **b) Life Cycle of Components**

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

##### **c) Useful life of properties, plant and equipment**

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

##### **d) Costs of shared ownership**

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

##### **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.

##### **Development Interest**

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

##### **Property Development Cost**

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

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

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

##### **Housing Property Managed By Agents**

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to the third party.

##### **Key Judgements made in the application of Accounting Policies**

###### ***a) The Categorisation of Housing Properties***

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

###### ***b) Identification of cash generating units***

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

###### ***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 Management Committee, 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 2017 the Association received details from the Pension Trust of the final valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions.

The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Management Committee feel this is the best available estimate of the past service liability.

##### **Financial Instruments - Basic**

The Association 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

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2017			2016		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	4,227,474	3,194,542	1,032,932	4,203,169	3,221,187	981,982
Other Activities	4.	21,906	21,906	-	12,000	12,000	-
<b>Total</b>		<b>4,249,380</b>	<b>3,216,448</b>	<b>1,032,932</b>	<b>4,215,169</b>	<b>3,233,187</b>	<b>981,982</b>

## 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	Shared ownership £	2017 Total £	2016 Total £
<b>Revenue from Lettings</b>					
Rent Receivable Net of Service Charges	3,416,459	-	14,042	3,430,501	3,342,595
Service Charges	19,769	-	1,100	20,869	20,904
<b>Gross income from rent and service charges</b>	<b>3,436,228</b>	<b>-</b>	<b>15,142</b>	<b>3,451,370</b>	<b>3,363,499</b>
Less: Rent losses from voids	17,006	-	-	17,006	15,869
<b>Net Rents Receivable</b>	<b>3,419,222</b>	<b>-</b>	<b>15,142</b>	<b>3,434,364</b>	<b>3,347,630</b>
Grants released from deferred income	739,450	-	-	739,450	827,555
Revenue grants from Scottish Ministers	53,660	-	-	53,660	-
Other revenue grants	-	-	-	-	27,984
<b>Total turnover from affordable letting activities</b>	<b>4,212,332</b>	<b>-</b>	<b>15,142</b>	<b>4,227,474</b>	<b>4,203,169</b>
<b>Expenditure on affordable letting activities</b>					
Management and maintenance administration costs	1,351,357	-	5,622	1,356,979	1,038,006
Planned and cyclical maintenance, including major repairs	267,603	-	-	267,603	284,102
Reactive maintenance costs	596,804	-	-	596,804	817,108
Bad Debts - rents and service charges	1,514	-	-	1,514	44,964
Depreciation of affordable let properties	963,459	-	8,183	971,642	1,037,007
<b>Operating costs of affordable letting activities</b>	<b>3,180,737</b>	<b>-</b>	<b>13,805</b>	<b>3,194,542</b>	<b>3,221,187</b>
<b>Operating surplus on affordable letting activities</b>	<b>1,031,595</b>	<b>-</b>	<b>1,337</b>	<b>1,032,932</b>	<b>981,982</b>
<b>2016</b>	<b>974,576</b>	<b>-</b>	<b>7,406</b>		

Planned and cyclical maintenance includes £93,493 of planned maintenance and £174,110 of cyclical maintenance.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Grants From Scottish Ministers	Other Income	Total Turnover	Operating Costs Bad Debts	Operating Costs Other	Operating Surplus /(Deficit) 2017	Operating Surplus /(Deficit) 2016
	£	£	£	£	£	£	£
Management charge to subsidiary	-	21,906	21,906	-	21,906	-	(12,000)
<b>Total From Other Activities</b>	-	<u>21,906</u>	<u>21,906</u>	-	<u>21,906</u>	-	<u>(12,000)</u>
<b>2016</b>	-	<u>12,000</u>	<u>12,000</u>	-	<u>12,000</u>	-	-



# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

### NOTES TO THE FINANCIAL STATEMENTS (Continued)

#### 5. OFFICERS' EMOLUMENTS

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

	2017	2016
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>71,856</u>	<u>165,567</u>
Compensation payable to Officers for loss of Office	<u>23,135</u>	<u>17,551</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>3,425</u>	<u>15,564</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>62,910</u>	<u>97,727</u>
Total Emoluments paid to key management personnel (including sums paid to third parties)	<u>260,673</u>	<u>200,116</u>
Consideration paid for services of key management personnel paid to third parties (inclusive of VAT)	<u>185,392</u>	<u>18,985</u>

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	2	1
£80,001 to 90,000	-	1
£120,001 to £130,000	<u>1</u>	<u>-</u>

#### 6. EMPLOYEE INFORMATION

	2017	2016
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>14</u>	<u>13</u>
The average total number of Employees employed during the year was	<u>14</u>	<u>13</u>
Staff Costs were:	£	£
Wages and Salaries	497,948	564,975
Social Security Costs	48,150	48,697
Other Pension Costs	19,557	32,932
Temporary, Agency and Seconded Staff	17,333	28,837
	<u>582,988</u>	<u>675,441</u>

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 7. LOSS ON SALE OF HOUSING STOCK

	2017	2016
	£	£
Sales Proceeds	-	-
Cost of Sales	-	8,829
Loss On Sale Of Housing Stock	-	(8,829)

## 8. INTEREST PAYABLE & SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans & Overdrafts	50,348	51,830
Less: Interest Capitalised	-	-
	<u>50,348</u>	<u>51,830</u>

## 9. SURPLUS FOR YEAR

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	1,005,289	1,075,645
Auditors' Remuneration - Audit Services	7,800	8,000
Operating Lease Rentals - Land & Buildings	57,871	47,891
Operating Lease Rentals - Other	-	4,720
Gain on sale of fixed assets	-	(28,099)

## 10. OTHER FINANCE INCOME / CHARGES

	2017	2016
	£	£
Unwinding of Discounted Liabilities	<u>41,920</u>	<u>38,000</u>

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 11. NON-CURRENT ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Total £
<b>COST</b>			
As at 1st April 2016	47,548,033	452,920	48,000,953
Additions	277,518	-	277,518
Disposals	(195,865)	-	(195,865)
As at 31st March 2017	<u>47,629,686</u>	<u>452,920</u>	<u>48,082,606</u>
<b>DEPRECIATION</b>			
As at 1st April 2016	18,588,753	195,506	18,784,259
Charge for Year	963,459	8,183	971,642
Disposals	(195,865)	-	(195,865)
As at 31st March 2017	<u>19,356,347</u>	<u>203,689</u>	<u>19,560,036</u>
<b>NET BOOK VALUE</b>			
As at 31st March 2017	<u>28,273,339</u>	<u>249,231</u>	<u>28,522,570</u>
As at 31st March 2016	<u>28,959,280</u>	<u>257,414</u>	<u>29,216,694</u>

Additions to housing properties include capitalised development administration costs of £nil (2016 - £nil) and capitalised major repair costs to existing properties of £277,518 (2016 - £140,176)

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £1,141,925. The amount capitalised is £277,518, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £277,518 and improvement of £nil.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 11. NON CURRENT ASSETS (Continued)

<b>b) Other Tangible Assets</b>	<b>Office Premises £</b>	<b>Furniture &amp; Equipment £</b>	<b>Total £</b>
<b>COST</b>			
As at 1st April 2016	244,488	238,621	483,109
Additions	-	360	360
As at 31st March 2017	244,488	238,981	483,469
<b>AGGREGATE DEPRECIATION</b>			
As at 1st April 2016	205,448	233,295	438,743
Charge for year	28,385	5,262	33,647
As at 31st March 2017	233,833	238,557	472,390
<b>NET BOOK VALUE</b>			
As at 31st March 2017	10,655	424	11,079
As at 31st March 2016	39,040	5,326	44,366

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Arrears of Rent & Service Charges	259,832	174,507
<b>Less:</b> Provision for Doubtful Debts	<b>(149,646)</b>	<b>(149,646)</b>
	<u>110,186</u>	<u>24,861</u>
Social Housing Grant Receivable	13,626	-
Other Receivables	17,638	16,329
Amounts Due from Group Undertakings	-	3,562
	<u>141,450</u>	<u>44,752</u>

## 13. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Housing Loans	23,625	2,693,948
Trade Payables	88,188	74,658
Rent in Advance	75,842	51,497
Other Taxation and Social Security	12,206	11,068
Liability for Past Service Contributions	157,000	142,012
Accruals and Deferred Income	89,859	119,358
	<u>446,720</u>	<u>3,092,541</u>

## 14. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2017	2016
	£	£
Liability for Past Service Contributions	640,000	756,558
Housing Loans	2,372,376	-
	<u>3,012,376</u>	<u>756,558</u>
<b>Housing Loans</b>		
Amounts due within one year	23,625	2,693,948
Amounts due in one year or more but less than two years	24,289	-
Amounts due in two years or more but less than five years	77,325	-
Amounts due in more than five years	2,270,762	-
	<u>2,396,001</u>	<u>2,693,948</u>
Less: Amount shown in Current Liabilities	23,625	2,693,948
	<u>2,372,376</u>	<u>-</u>
<b>Liability for Past Service Contributions</b>		
Amounts due within one year	157,000	142,012
Amounts due in one year or more but less than two years	162,000	152,000
Amounts due in two years or more but less than five years	478,000	462,000
Amounts due in more than five years	-	142,558
	<u>797,000</u>	<u>898,570</u>
Less: Amount shown in Current Liabilities	157,000	142,012
	<u>640,000</u>	<u>756,558</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Security	Effective Interest Rate	Maturity	Variable / Fixed
Royal Bank of Scotland	Standard Security over properties	2.75%	2036	Variable
Royal Bank of Scotland	Standard Security over properties	6.87%	2036	Fixed

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 15. STATEMENT OF CASH FLOWS

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2017 £	2016 £
Operating Surplus	1,032,932	981,982
Depreciation	1,005,289	1,056,915
Amortisation of Capital Grants	(739,450)	(827,556)
Change in debtors	(83,072)	46,812
Change in creditors	9,515	(345,795)
Gain on sale of other fixed assets	-	(19,270)
Unwinding of Discount on Pension Liability	(41,920)	32,000
Defined benefit pension scheme	(101,570)	(139,000)
Share Capital Written Off	(4)	-
Net Cash inflow from operating activities	<u>1,081,720</u>	<u>786,088</u>

## 16. DEFERRED INCOME

	Housing Properties Held for Letting £	Shared Ownership Properties £	Total £
<b>Social Housing Grants</b>			
Balance as at 1st April 2016	33,978,298	242,177	34,220,475
Eliminated on disposal components and property	(176,859)	-	(176,859)
Balance as at 31st March 2017	<u>33,801,439</u>	<u>242,177</u>	<u>34,043,616</u>
<b>Amortisation</b>			
Balance as at 1st April 2016	16,876,255	122,985	16,999,240
Amortisation in year	734,303	5,147	739,450
Eliminated on disposal	(176,859)	-	(176,859)
Balance as at 31st March 2017	<u>17,433,699</u>	<u>128,132</u>	<u>17,561,831</u>
<b>Net book value</b>			
Balance as at 31st March 2017	<u>16,367,740</u>	<u>114,045</u>	<u>16,481,785</u>
Balance as at 31st March 2016	<u>17,102,043</u>	<u>119,192</u>	<u>17,221,235</u>

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

	2017 £	2016 £
Amounts due within one year	739,450	742,427
Amounts due after more than one year	15,742,335	16,478,808
	<u>16,481,785</u>	<u>17,221,235</u>

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 17. SHARE CAPITAL

<b>Shares of £1 each Issued and Fully Paid</b>	<b>£</b>
At 1st April 2016	63
Issued in year	10
Cancelled in year	<u>(4)</u>
At 31st March 2017	<u>69</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

## 18. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
General Needs - New Build	735	735
General Needs - Rehabilitation	68	68
Shared Ownership	<u>7</u>	<u>7</u>
	<u>810</u>	<u>810</u>

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 19. RELATED PARTY TRANSACTIONS

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

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

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

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

	£
Rent received from Tenants on the Committee and their close family members	23,700

At the year end total rent arrears owed by the tenant members of the Committee (and their close family ) were £2871

Members of the Committee who are tenants	3
--	---

## 20. 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 The Tannahill Centre, 76 Blackstoun Road, Ferguslie Park.

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

## 21. GOVERNING BODY MEMBER EMOLUMENTS

Management Committee members received £1569 in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties in the Association.



# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 22. INVESTMENTS

	2017	2016
	£	£
<b>Investments in Subsidiaries</b>		
As at 31st March 2017 & 31st March 2016	100	100

In the opinion of the Management Committee the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has a 100% owned subsidiary The New Tannahill Centre. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The following transactions took place between the entities during the year :

	2017	2016
	£	£
Service charges charged by New Tannahill Centre to Association	57,871	47891
Security guard costs charged to Association	12,366	11814
Finance and Board Support costs charged to New Tannahill Centre	21,906	12000

The aggregate amount of capital and reserves and the results of The New Tannahill Centre for the year ended 31st March 2017 were as follows:

	2017	2016
	£	£
Capital & Reserves	227,976	196,950
Profit for the year	31,026	56,969

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 23. RETIREMENT BENEFIT OBLIGATIONS

### General

Ferguslie Park Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. The Association intend to move to a defined contribution scheme but shall continue to have 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 employers in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £797000 (2016 - £898570). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.06%.

The Association made payments totalling £191640 (2016: £188008) to the pension scheme during the year.

These payments included £143,490 for past pension deficit (2016: £139,311).