



Alexander Sloan
Accountants and Business Advisers

Ferguslie Park Housing Association

Report and Financial Statements

For the year ended 31 March 2018

Registered Housing Association No. RSL99

FCA Reference No. 2282R(S)

Scottish Charity No. SC034893

FERGUSLIE PARK HOUSING ASSOCIATION

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FERGUSLIE PARK HOUSING ASSOCIATION

BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2018

BOARD OF MANAGEMENT

Shona McIntyre	Chairperson
Elaine Carter	Vice-Chairperson
Stuart Piggott	
Richard Bolton	
Fiona Murphy	
James Strang	
Andrea McLaughlan	
Iain McGee	(Appointed September 2017)
Louise McNicol	(Appointed Co-optee February 2018)
Helen Glassford	(Appointed November 2017)
Barbara Walker	(Appointed December 2017)
Andy Wilson	(Appointed Co-optee December 2017)
Ian Williams	(Appointed October 2017)
Lucia Muere	(Resigned April 2017)
Kenny McCafferty	(Resigned July 2017)
Kirsty Parker	(Resigned January 2018)
Julianne Scarlett	(Resigned March 2018)

EXECUTIVE OFFICERS

Lynn McCulloch	Interim Chief Exec and Secretary
Paul Rydquist	Special Manager (Appointment ended January 2018)

REGISTERED OFFICE

The Tannahill Centre
76 Blackstoun Road
Ferguslie Park
PA3 1NT

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

Wylie and Bisset
168 Bath Street
Glasgow
G2 4TP

FINANCE AGENTS

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

BANKERS

The Bank of Scotland
The Cross
Paisley
PA1 1DD

SOLICITORS

T C Young
7 West George Street
Glasgow
G2 2HG

FERGUSLIE PARK HOUSING ASSOCIATION

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

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

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, operate as 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 completely new 3-year Corporate Plans in 2017 and have updated them during the year. Ferguslie Park Housing Association's vision is "serving the community, valued by the community" and its key strategic objectives are to :

- provide excellent homes, services 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, and;
- safeguard our assets, strong financial position and long-term affordability and sustainability.

The 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 has been a big step forward in clarifying our purpose, potential, priorities and progress. It has also re-established Board control of the strategic planning process and overall strategic direction of the Association.

Review of Business and Future Developments

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 2018/19. The Manager and three Board members appointed by the Regulator 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 2018 the Regulator reported:

"In January 2018 we reviewed our statutory intervention again as Ferguslie Park had strengthened its governing body with new experienced members and a significant number of the necessary improvements were completed. We therefore ended the appointment of the manager in January 2018 following successful completion of his remit. We also reduced the number of statutory appointments to the governing body from three to two at the end of March 2018 and extended their term of office until September 2018. It is now for the governing body to demonstrate that it is capable of sustaining and building on these improvements."

FERGUSLIE PARK HOUSING ASSOCIATION

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

Review of Business and Future Developments (Continued)

During the year, emphasis was put on ensuring that the Management Board has more 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. The progress achieved in building a strong governing body includes:

- recruitment of 6 new members
- attracting expertise in housebuilding, financial management, law, urban regeneration, human rights, local social issues and local environmental issues and training
- agreement from the membership to change the Rules to reduce the governing body from a maximum of 15 members to a maximum of 12 members, which is consistent with good practice
- an induction training programme in collaboration with the other Renfrewshire housing associations (FLAIR)
- establishment of a FLAIR Academy for potential governing body members to train, shadow current members and prepare to join one of the local associations when vacancies arise

The Association had two unsuccessful rounds of recruitment to appoint a new permanent Group Chief Executive. The Board was determined to find the right person to complete the rejuvenation of the Association, sustain the improvements achieved and lead the Group to achieve its aims with its customers. The interim management team therefore stayed in place during the year but a successful appointment was made in June 2018. The new staff structure and permanent management team can now be put in place. The Management Board expects high engagement with the Regulator to continue until the Regulator is satisfied that the new management team and the strengthened Management Board are operating well and continuing the improvements achieved. The Board continues to value this assistance and oversight.

Despite the delay in appointing a permanent chief officer, the Association continued to progress a new staff structure with job descriptions agreed for the new management team, other senior staff and changes at service delivery level which will be consulted on during 2018/19. New policies and procedures for staff appraisal were also approved.

The delivery of services to tenants has been improved by significant progress in re-procurement of services. The largest of these was the Repairs contract which was subject to European procurement rules. The Association and its tenants drew up a new repairs standard for occupied and empty homes which includes appointments in the evenings and weekends. A contractor was appointed after a rigorous selection process which included interviews and assessment by tenants.

The remaining elderly boilers in many homes were replaced during the year, with less than 30 carried over into 2018/19. Further procurement was completed to fully restart the home improvement programme of kitchens, bathrooms, doors and windows.

The Information, Communications and Technology systems (ICT) were upgraded and a new arrangement put in place with a neighbouring housing association to purchase maintenance and support services

Financial Review of the Year Ended 31 March 2018

In the year just ended the Association made a surplus of £1,059,146, compared to £948,500 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 £548,290 in replacing components such as boilers, kitchens and bathrooms within its housing stock, with a much larger investment of expenditure in excess of £1.8m planned for 2018/19. This is the beginning of the delivery of the work identified in the review of the condition of the Association's housing stock.

FERGUSLIE PARK HOUSING ASSOCIATION

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

Financial Review (continued)

The loans were reviewed in the year and £600,000 of variable debt was fixed giving the Association an even split between fixed and variable debt. The Association can also report that it met all of its loan covenants. In the year the Association repaid £131,832 of its loan debt, leaving a balance outstanding of £2,264,169 at 31 March 2018.

The Association's bank position increased from £1,646,393 at the start of the year to £2,462,476 at 31 March 2018. This balance will reduce, however, over the coming year as the Association starts to deliver its £1.8m of planned property improvements.

The Association's reserves have increased from £10,380,642 to £11,439,788 reflecting the surplus for the year.

Future Prospects

The Association looks forward with confidence to building on its achievements in 2017/18. It expects to:

- Establish a new staff leadership team and new staff structure
- Fully complete the Governance Improvement Plan
- Consolidate a strong Management Board
- Continue the training and learning plans for Board and staff
- Invest £1.8m in home improvements
- Embed the new repairs contract
- Focus on its revised strategic priorities of:
 - focus on affordability to tackle poverty and financial health in the community
 - early action programmes to respond quickly and effectively to situations
 - strategic asset management to ensure it manages, protects, improves and develops its homes
 - procurement and contract management ensuring it purchases quality services and achieves value for money
 - wider role; being much more than just a landlord
 - connectivity, by building strong links within and out with the community
 - governance and business improvement by continuing to strengthen and develop the organisation and its people
- Continue with a communications strategy to regain and protect its reputation
- Continue to expand its engagement with tenants and their opportunities to scrutinise service quality

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 full roll out of Universal Credit in Renfrewshire will begin in September 2018. The Association is in no doubt that changes such as the payment of benefits in arrears, 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 its 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 2.5% 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 Board 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 2017/18 by good management of the previous Repairs contract and re-procurement of other contracts

FERGUSLIE PARK HOUSING ASSOCIATION

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

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.

This was the first time in many years that the Association had Business Plan targets and formally monitored them. It set very ambitious targets, not to improve average satisfaction, but to increase the numbers who were "very satisfied" with services.

In the main national indicator, Overall Satisfaction with FPHA as a Landlord, it aimed to improve to 41.3% "very satisfied" in 2017/18 and up to 50% by 2019/20. It has exceeded the 3 year target in year 1 with a result of 56.4% in 2017/18. This is a huge increase from 15.7% in 2016

Similarly, for Tenants Happy with the Standard of their Home, the association aimed to increase those that were "very satisfied" from 9.7% to 40% over 3 years and achieved a leap to 52.1% in a single year.

Equally important is the progress on the aim to grow the "very satisfied" proportion of satisfaction with overall management of the neighbourhood from 6.1% to 45% over 3 years – this has also been achieved in a single year.

After poor performance on gas safety in 2016, the Association achieved and maintained a 100% gas safety record for the whole year.

The only service disappointment has been for those satisfied with the repairs & maintenance service. It aimed to increase repairs satisfaction from 86% to 92% in the first year but had a drop in the satisfaction level to 84.3%. However, in 2017/18 it continued to improve management of the repairs service, continued to reduce the cost of repairs per house to less than half of the cost per house in 2016 and retendered the repairs service in line with a much improved service requirement which should quickly improve tenant satisfaction.

Rent arrears have been very difficult to reduce and the targets were modest; to reduce arrears to 6.5% and then to 5.9% over 3 years. This recognised poor performance in Scottish terms to date and the risk of welfare reform. In one year the Association has achieved 5.97% - i.e. it is moving more quickly than the target. However, this is higher than peers and the national average and the association will need to keep a strong focus on arrears in order to support tenants and maintain income as welfare reform continues to bite. On the other hand, assistance to tenants in arrears by the Welfare Rights Team was exceptional with 100% of tenants with arrears attending for drop in visits being seen and £2,136,262 in benefits being obtained for all welfare benefits clients.

Another success is the time to let empty properties, which it aimed to let within 15 days by 2020. Performance had been well over 20 days and the target for 2017/18 was 17 days, yet FPHA has let homes at just less than 11 days for the year as a whole, again achieving a 3 year target within a year.

The target for board member attendance at meetings was reduced from 90% to 75% during the year but it was under target at about 61% during the year. This is an area that needs further effort but with a number of new board members in place it is expected to continue to improve.

The Association took care to ensure the Annual Return to the Regulator on the Tenants Charter was accurate and compliant with the guidance

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 Board 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.

Welfare reform and the local introduction of Universal credit in September 2018 is a concern as mentioned above. The Association has increased provision for rent arrears in 2018/19 to 6.4% to take account of the inevitable effect on tenants' ability to pay on time and in full.

FERGUSLIE PARK HOUSING ASSOCIATION

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

Board of Management and Executive Officers

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

Each member of the Board of Management 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 Board of Management.

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

Statement of Board of Management's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Board of Management 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 Board of Management is required to:-

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

The Board of Management 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 Board of Management 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 Board of Management 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 Board of Management 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

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

Statement on Internal Financial Control

The Management Board 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. In the last two years, a Governance Improvement Plan has put new governance and financial controls in place.

These improvements include updated Financial Regulations, Financial Procedures, new short, medium and long-term financial projections, a new costed Planned Maintenance/Investment programme, further physical inspections of housing stock condition, 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 Group Audit & Risk Committee agreed a new plan for Internal Audit with the new Internal Auditors appointed during the year and has received 2 internal audit reports. Before approving this report it received its annual report on all internal controls, including financial controls. The Association's internal auditor has given assurances on the two areas tested in 2017/18.

At the date of signing the Financial Statements the Management Board 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 Management Board'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 Board of Management 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 Board of Management;
- The Board of Management receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- Formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

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

FERGUSLIE PARK HOUSING ASSOCIATION

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

Statement on Internal Financial Control (cont)

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 £Nil (2017: £550).

Auditors

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

By order of the Board of Management


LYNN MCCOLLOCH

Secretary

29 August 2018

FERGUSLIE PARK HOUSING ASSOCIATION

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

In addition to our audit of the Financial Statements, we have reviewed your statement on page 8 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

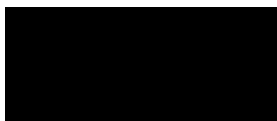
Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 8 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



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



Alexander Sloan
Accountants and Business Advisers

FERGUSLIE PARK HOUSING ASSOCIATION

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

Opinion

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

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit 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.

In our opinion the financial statements:

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

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.

Basis for opinion

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

Conclusions relating to going concern

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

- the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management 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 Board of Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

FERGUSLIE PARK HOUSING ASSOCIATION

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (Continued)

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Board of Management

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

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


Auditor's responsibilities for the audit of the financial statements

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

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

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

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


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



Alexander Sloan
Accountants and Business Advisers

FERGUSLIE PARK HOUSING ASSOCIATION

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
REVENUE	2		4,215,406		4,249,380
Operating Costs	2		(3,073,514)		(3,216,448)
OPERATING SURPLUS			1,141,892		1,032,932
Loss On Sale Of Housing Stock	7	(5,406)		-	
Interest Receivable and Other Income		6,929		7,836	
Interest Payable and Similar Charges	8	(82,414)		(50,348)	
Other Finance Income / (Charges)	11	(1,855)		(41,920)	
			(82,746)		(84,432)
SURPLUS FOR THE YEAR	9		1,059,146		948,500
Other Comprehensive Income					-
TOTAL COMPREHENSIVE INCOME			1,059,146		948,500

The notes on pages 16 to 30 form part of these financial statements.

FERGUSLIE PARK HOUSING ASSOCIATION

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018	2017
		£	£
NON-CURRENT ASSETS			
Housing Properties - Depreciated Cost	12 (a)	28,044,372	28,522,570
Other Non-current Assets	12 (b)	229	11,079
		<u>28,044,601</u>	<u>28,533,649</u>
INVESTMENTS			
Investment in subsidiaries	26	100	100
		<u>100</u>	<u>100</u>
CURRENT ASSETS			
Receivables	15	178,340	141,450
Investments	26	1,250,000	-
Cash at bank and in hand		1,212,476	1,646,393
		<u>2,640,816</u>	<u>1,787,843</u>
CREDITORS: Amounts falling due within one year			
	16	(805,607)	(446,720)
NET CURRENT ASSETS			
		<u>1,835,209</u>	<u>1,341,123</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		29,879,910	29,874,872
CREDITORS: Amounts falling due after more than one year			
	17	(2,693,862)	(3,012,376)
DEFERRED INCOME			
Social Housing Grants	18	(15,746,180)	(16,481,785)
		<u>(15,746,180)</u>	<u>(16,481,785)</u>
NET ASSETS			
		<u>11,439,868</u>	<u>10,380,711</u>
EQUITY			
Share Capital	19	80	69
Revenue Reserves		11,439,788	10,380,642
		<u>11,439,868</u>	<u>10,380,711</u>

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 29 August 2018.

Chairperson

The notes on p

Board Member

Secretary

financial statements.

FERGUSLIE PARK HOUSING ASSOCIATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		£	£
Net cash inflow from operating activities	17	1,578,089	1,081,720
Investing Activities			
Acquisition and Construction of Properties	(548,290)	(277,518)	
Purchase of Other Fixed Assets	-	(360)	
Social Housing Grant Received	(8,875)	(13,626)	
Social Housing Grant Repaid	(27,065)	-	
Changes on short term deposits with banks	(1,250,000)	-	
Proceeds on Disposal of Properties	29,525	-	
Net cash outflow from investing activities		(1,804,705)	(291,504)
Financing Activities			
Loan Advances Received	-	2,408,164	
Loan Redemption Payments	-	(2,408,164)	
Interest Received on Cash and Cash Equivalents	6,929	7,836	
Interest Paid on Loans	(82,414)	(50,348)	
Loan Principal Repayments	(131,832)	(297,948)	
Share Capital Issued	16	10	
Net cash outflow from financing activities		(207,301)	(340,450)
(Decrease) / increase in cash		(433,917)	449,766
Opening Cash & Cash Equivalents		1,646,393	1,196,627
Closing Cash & Cash Equivalents		<u>1,212,476</u>	<u>1,646,393</u>
Cash and Cash equivalents as at 31 March			
Cash		1,212,476	1,646,393
		<u>1,212,476</u>	<u>1,646,393</u>

The notes on pages 16 to 30 form part of these financial statements.

FERGUSLIE PARK HOUSING ASSOCIATION

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 31 March 2016	63	9,432,142	9,432,205
Issue of Shares	10	-	10
Cancellation of Shares	(4)	-	(4)
Surplus for the year	-	948,500	948,500
Balance as at 31 March 2017	69	10,380,642	10,380,711
Balance as at 1 April 2017	69	10,380,642	10,380,711
Issue of Shares	16	-	16
Cancellation of Shares	(5)	-	(5)
Surplus for the year	-	1,059,146	1,059,146
Balance as at 31 March 2018	80	11,439,788	11,439,868

The notes on pages 16 to 30 form part of these financial statements.

FERGUSLIE PARK HOUSING ASSOCIATION

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

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice - Accounting by Registered Social Landlords 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 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 the asset to which it relates.

Retirement Benefits

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

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

Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
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

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

1. PRINCIPAL ACCOUNTING POLICIES

Depreciation and Impairment of Other Non-Current Assets

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

Asset Category	Depreciation Rate
Office Premises	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 non-current asset disposals and any gain or 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.

Taxation

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

Estimation Uncertainty

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

a) Rent Arrears - Bad Debt Provision

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

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

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

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.

FERGUSLIE PARK HOUSING ASSOCIATION

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

1. PRINCIPAL ACCOUNTING POLICIES

Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property.

Capitalisation Of Development Overheads

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

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.

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

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

b) Identification of cash generating units

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

c) Financial instrument break clauses

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

d) Pension Liability

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

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

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

Notes	2018			2017			
	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	
Affordable letting activities	3	4,193,500	3,051,608	1,141,892	4,227,474	3,194,542	1,032,932
Other Activities	4	21,906	21,906	-	21,906	21,906	-
Total		4,215,406	3,073,514	1,141,892	4,249,380	3,216,448	1,032,932

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared Ownership £	2018 Total £	2017 Total £
Revenue from Lettings				
Rent receivable net of service charges	3,403,755	16,846	3,420,601	3,430,501
Service charges receivable	21,866	-	21,866	20,869
Gross income from rent and service charges	3,425,621	16,846	3,442,467	3,451,370
Less: Rent losses from voids	6,176	-	6,176	17,006
Net Rents Receivable	3,419,445	16,846	3,436,291	3,434,364
Grants released from deferred income	713,740	5,147	718,887	739,450
Revenue grants from Scottish Ministers	38,322	-	38,322	53,660
Total turnover from affordable letting activities	4,171,507	21,993	4,193,500	4,227,474
Expenditure on affordable letting activities				
Management and maintenance administration costs	1,361,272	6,846	1,368,118	1,356,979
Service Costs	-	-	-	-
Planned and cyclical maintenance, including major repairs	154,386	-	154,386	267,603
Reactive maintenance costs	517,767	-	517,767	596,804
Bad Debts - rents and service charges	9,429	-	9,429	1,514
Depreciation of affordable let properties	993,725	8,183	1,001,908	971,642
Operating costs of affordable letting activities	3,036,579	15,029	3,051,608	3,194,542
Operating surplus on affordable letting activities	1,134,928	6,964	1,141,892	1,032,932
2017	1,031,595	1,337		

FERGUSLIE PARK HOUSING ASSOCIATION

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

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

	Other Income	Total Turnover	Operating Costs Other	Operating Surplus / (Deficit) 2018	Operating Surplus / (Deficit) 2017
	£	£	£	£	£
Management Charge to subsidiary	21,906	21,906	21,906	-	-
Total From Other Activities	21,906	21,906	21,906	-	-
2017	21,906	21,906	21,906	-	-

FERGUSLIE PARK HOUSING ASSOCIATION

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

5. OFFICERS' EMOLUMENTS

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

	2018	2017
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	-	71,856
Compensation payable to Officers for loss of Office	-	23,135
Pension contributions made on behalf on Officers with emoluments greater than £60,000	-	3,425
Emoluments payable to Chief Executive (excluding pension contributions)	-	62,910
Total Emoluments paid to key management personnel	160,841	260,673
Consideration paid for services of key management personnel paid to third parties	160,841	185,392
The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-		
£60,001 to £70,000	Number -	Number 2
£100,001 to £110,000	1	-
£120,001 to £130,000	-	1

6. EMPLOYEE INFORMATION

	2018	2017
	No.	No.
The average monthly number of full time equivalent persons employed during the year was:	16	14
The average total number of Employees employed during the year was:	16	14
Staff Costs were:		
	£	£
Wages and Salaries	526,106	497,948
Social Security Costs	55,488	48,150
Other Pension Costs	36,737	19,557
Temporary, Agency and Seconded Staff	10,600	17,333
	628,931	582,988

FERGUSLIE PARK HOUSING ASSOCIATION

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

7. LOSS ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales Proceeds	29,525	-
Cost of Sales	34,931	-
Loss On Sale Of Housing Stock	<u>(5,406)</u>	<u>-</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2018	2017
	£	£
On Bank Loans & Overdrafts	82,414	50,348
	<u>82,414</u>	<u>50,348</u>

9. SURPLUS FOR THE YEAR

	2018	2017
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	1,012,758	1,005,289
Auditors' Remuneration - Audit Services	9,000	7,800
Operating Lease Rentals - Land & Buildings	50,000	57,871
Operating Lease Rentals - Other	3,644	-
Loss on sale of fixed assets	<u>5,406</u>	<u>-</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

11. OTHER FINANCE INCOME / CHARGES

	2018	2017
	£	£
Unwinding of Discounted Liabilities	<u>1,855</u>	<u>41,920</u>

FERGUSLIE PARK HOUSING ASSOCIATION

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

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Total £
COST			
As at 1 April 2017	47,629,686	452,920	48,082,606
Additions	548,290	-	548,290
Disposals	(444,288)	-	(444,288)
As at 31 March 2018	<u>47,733,688</u>	<u>452,920</u>	<u>48,186,608</u>
DEPRECIATION			
As at 1 April 2017	19,356,347	203,689	19,560,036
Charge for Year	993,725	8,183	1,001,908
Disposals	(419,708)	-	(419,708)
As at 31 March 2018	<u>19,930,364</u>	<u>211,872</u>	<u>20,142,236</u>
NET BOOK VALUE			
As at 31 March 2018	<u>27,803,324</u>	<u>241,048</u>	<u>28,044,372</u>
As at 31 March 2017	<u>28,273,339</u>	<u>249,231</u>	<u>28,522,570</u>

Additions to housing properties include capitalised development administration costs of £0 (2017 - £0) and capitalised major repair costs to existing properties of £548,290 (2017 - £277,518).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £1,220,443 (2017 - £1,141,925). The amount capitalised is £548,290 (2017 - £277,518) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £548,290 (2017 - £277,518) and improvement of £0 (2017 - £0).

The Association's Lenders have standard securities over Housing Property with a carrying value of £7,236,605 (2017 - £7,423,995).

FERGUSLIE PARK HOUSING ASSOCIATION

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

12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Total £
COST			
As at 1 April 2017	244,488	238,981	483,469
As at 31 March 2018	244,488	238,981	483,469
AGGREGATE DEPRECIATION			
As at 1 April 2017	233,833	238,557	472,390
Charge for year	10,655	195	10,850
As at 31 March 2018	244,488	238,752	483,240
NET BOOK VALUE			
As at 31 March 2018	-	229	229
As at 31 March 2017	10,655	424	11,079

13. CAPITAL COMMITMENTS

There are no capital commitments that are not provided in the financial statements at the year end (2017 - £nil)

14. COMMITMENTS UNDER OPERATING LEASES

At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-	2018 £	2017 £
Other		
Not later than one year	1,619	-
Later than one year and not later than five years	2,025	-

FERGUSLIE PARK HOUSING ASSOCIATION

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

15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Arrears of Rent & Service Charges	240,840	259,832
Less: Provision for Doubtful Debts	(120,000)	(149,646)
	120,840	110,186
Social Housing Grant Receivable	22,501	13,626
Other Receivables	34,999	17,638
	178,340	141,450

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Housing Loans	50,307	23,625
Trade Payables	258,038	88,188
Rent Received in Advance	95,680	75,842
Other Taxation and Social Security	14,359	12,206
Liability for Past Service Contributions	162,000	157,000
Accruals and Deferred Income	225,223	89,859
	805,607	446,720

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

	2018	2017
	£	£
Liability for Past Service Contributions	480,000	640,000
Housing Loans	2,213,862	2,372,376
	2,693,862	3,012,376
Housing Loans		
Amounts due within one year	50,307	23,625
Amounts due in one year or more but less than two years	48,392	24,289
Amounts due in two years or more but less than five years	137,298	77,325
Amounts due in more than five years	2,028,174	2,270,762
	2,264,169	2,396,001
Less: Amount shown in Current Liabilities	50,307	23,625
	2,213,862	2,372,376
Liability for Past Service Contributions		
Amounts due within one year	162,000	157,000
Amounts due in one year or more but less than two years	166,000	162,000
Amounts due in two years or more but less than five years	314,000	478,000
	642,000	797,000
Less: Amount shown in Current Liabilities	162,000	157,000
	480,000	640,000

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

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Royal Bank of Scotland	Standard security over 270 properties	2.3%	2036	Variable
Royal Bank of Scotland	Standard security over 270 properties	6.9%	2036	Fixed
Royal Bank of Scotland	Standard security over 270 properties	3.0%	2036	Fixed

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 1.51% (2017 - 1.06%).

Due to lenders at the year end	2,264,169	2,396,001
Loans at amortised cost using the effective interest rate	2,264,169	2,396,001

FERGUSLIE PARK HOUSING ASSOCIATION

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

17. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to net cash inflow from operating activities

	2018	2017
	£	£
Operating Surplus	1,141,892	1,032,932
Depreciation	1,012,753	1,005,289
Amortisation of Capital Grants	(718,886)	(739,450)
Change in debtors	(28,015)	(83,072)
Change in creditors	327,205	9,515
Unwinding of Discount on Pension Liability	(1,855)	(41,920)
Defined benefit pension scheme - after finance loss	(155,000)	(101,570)
Share Capital Written Off	(5)	(4)
Net cash inflow from operating activities	<u>1,578,089</u>	<u>1,081,720</u>

18. DEFERRED INCOME

	Housing Properties Held for Letting £	Completed Shared Ownership Properties £	Total £
Social Housing Grants			
As at 1 April 2017	33,801,439	242,177	34,043,616
Additions in the year	-	-	-
Eliminated on disposal of components and property	(297,214)	-	(297,214)
As at 31 March 2018	<u>33,504,225</u>	<u>242,177</u>	<u>33,746,402</u>
Amortisation			
As at 1 April 2017	17,433,699	128,132	17,561,831
Amortisation in year	713,739	5,147	718,886
Eliminated on disposal	(280,495)	-	(280,495)
As at 31 March 2018	<u>17,866,943</u>	<u>133,279</u>	<u>18,000,222</u>
Net book value			
As at 31 March 2018	<u>15,637,282</u>	<u>108,898</u>	<u>15,746,180</u>
As at 31 March 2017	<u>16,367,740</u>	<u>114,045</u>	<u>16,481,785</u>
Total grants net book value as at 31 March 2018	<u>15,637,282</u>	<u>108,898</u>	<u>15,746,180</u>
Total grants net book value as at 31 March 2017	<u>16,367,740</u>	<u>114,045</u>	<u>16,481,785</u>

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

	2018	2017
	£	£
Amounts due within one year	718,886	739,450
Amounts due in one year or more	15,027,294	15,742,335
	<u>15,746,180</u>	<u>16,481,785</u>

FERGUSLIE PARK HOUSING ASSOCIATION

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

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2018	2017
	£	£
As at 1 April 2017	69	63
Issued in year	16	10
Cancelled in year	(5)	(4)
At 31 March 2018	<u>80</u>	<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.

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2018	2017
	No.	No.
General Needs - Built by Association	734	735
General Needs - Rehabilitation	68	68
Shared Ownership	7	7
	<u>809</u>	<u>810</u>

21. RELATED PARTY TRANSACTIONS

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

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

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

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

	2018	2017
	£	£
Rent received from tenants on the Board of Management and their close	<u>22,776</u>	<u>23,700</u>

At the year end total rent arrears owed by the tenant members on the Board of Management (and their close family) were £1,751 (2017 - £2,871).

Members of the Board of Management who are tenants	3	3
Members of the Board of Management who are local authority employees	1	-

FERGUSLIE PARK HOUSING ASSOCIATION

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

23. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is The Tannahill Centre , 76 Blackstoun Road, Ferguslie Park Paisley.

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

24. BOARD OF MANAGEMENT MEMBER EMOLUMENTS

Board of Management members received £1,356 (2017 - £1,569) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties to the Association.

FERGUSLIE PARK HOUSING ASSOCIATION

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

26. INVESTMENTS

Short term deposits	2018	2017
	£	£
Short term deposits	1,250,000	-
	<u> </u>	<u> </u>
	2018	2017
	£	£
As at 31 March 2018 & 31 March 2017	100	100
	<u> </u>	<u> </u>

In the opinion of the Board of Management 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 named The New Tannahill Centre. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The New Tannahill Centre is a 100% owned subsidiary of Ferguslie Park Housing Association Limited. The Association is a tenant of The New Tannahill Centre and during the year the charity charged the Association £50,000 (2017: £57,891) in rent and service charges and £10,842 (2017: £12,366) for cost of security guard. The Association also charged the charity £22,869 for Board and finance support (2017: £21,906). At the year end the Association owed the charity £31,597 (2017: £1,008)

The aggregate amount of capital and reserves and the results of The New Tannahill Centre for the year ended 31 March 2018 were as follows:

	2018	2017
	£	£
Capital & Reserves	300,556	227,976
	<u> </u>	<u> </u>
Surplus for the year	72,580	31,026
	<u> </u>	<u> </u>

FERGUSLIE PARK HOUSING ASSOCIATION

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

27. RETIREMENT BENEFIT OBLIGATIONS

General

Ferguslie Park Housing Association 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.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers as the scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

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

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

All employer's in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £642,000 (2017 - £797,000). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.51% (2017 - 1.06%).

The Association made payments totalling £188,000 (2017- £191,640) to the pension scheme during the year.