



**Alexander Sloan**  
Accountants and Business Advisers

# **Ferguslie Park Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31 March 2020**

**Registered Social Landlord No. RSL99**

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

**Scottish Charity No. SC034893**

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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## FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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### THE BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2020

#### The Board of Management

Shona McIntyre	Chairperson (Resigned July 2019)
Ian Williams	Chairperson
Howard Dales	Vice-Chairperson. Appointed Sept 2019
Richard Bolton	
Andrea McLaughlan	
Iain McGee	Resigned May 2019
Louise McNicol	
Helen Glassford	
Barbara Walker	
Andy Wilson	
Andrew Doyle	Resigned April 2019
Siphosami Bazaya	
Gary Russell	Appointed Co-optee January 2020

#### EXECUTIVE OFFICERS

Catrina Miller	Group Chief Executive and Secretary
Ivor McCauley	Head of Operations
Cindy McNeill	Finance and Corporate Services Manager
Catherine Aiton	Property Services Manager
Gavin Johnston	Interim Property Asset Manager
Greg Richardson	Housing Services Manager

#### REGISTERED OFFICE

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

#### EXTERNAL AUDITORS

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

#### INTERNAL AUDITORS

Wylie & Bisset  
168 Bath Street  
Glasgow  
G2 4TP

#### BANKERS

Bank of Scotland  
The Cross  
Paisley  
PA1 1DD

#### SOLICITOR

TC Young  
7 West George Street  
Glasgow  
G2 2HG

## FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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### REPORT OF THE THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2020

The Board of Management presents its report and the Financial Statements for the year ended 31 March 2020.

#### Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No.2282R(S)), the Scottish Housing Regulator as a registered social landlord (No.RSL99) and as 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. Ferguslie Park Housing Association's vision is 'serving the community, valued by the community' with key strategic objectives 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.

#### Review of Business and Future Developments

2019/20 was an extremely positive year for FPHA which saw an end to engagement with the Scottish Housing Regulator and the successful completion of the three year (2017-20) Business Plan.

The Association has continued to invest in its properties throughout the year and approximately 550 properties have had new windows and doors installed since March 2019. The Association has also completed an updated stock condition survey which included 50% internal and 90% externals of properties, providing up to date data which forms part of FPHA's 30-year financial plans going forward.

#### Financial Review of the Year Ended 31 March 2020

In the year to 31 March 2020, the Association made a surplus of £1,887,583 compared to a surplus of £505,724 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 £1,559,773 in replacing components such as, kitchens, windows and doors within its housing stock, with more investment continuing into 2020/21.

The Association has a defined benefit pension scheme in place with the Scottish Housing Association Pension Scheme, which is administered by TPT Retirement Solutions. Last year a new accounting method to calculate each member's assets and liabilities under the Scheme was introduced and the new valuation method was adopted by Housing Associations who have a defined benefit pension scheme. The pension valuation is effectively a non-cash transaction; however, changes are recognised in the Statement of Comprehensive Income and this resulted in an overall adjustment of £871,592 in other comprehensive income, effectively increasing the total comprehensive income for the year to £1,887,583.

The Association met all of its loan covenants in the year and repaid £110,267 of its loan debt, leaving a balance outstanding of £2,044,372 at 31 March 2020.

The Association's bank position decreased from £2,946,039 at the start of the year to £ 1,814,628 at 31 March 2020 largely due to the window and door replacements carried out. Reserves have increased from £11,945,512 to £13,833,095 reflecting the surplus for the year.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2020

### Future Prospects

A new 3-year Business Plan was developed and approved by the Board in May 2020, refocusing the purpose of the association 'to be an exemplar, innovate, dynamic organization to make Ferguslie Park the best community in Scotland'. The vision reminds us that our role and ultimate goal is to be at the heart of a vibrant, healthy, flourishing community with the community, people, relationships and success making up the organization's core values.

All our activities are linked to five new objectives which will also measure our success by setting targets against these objectives, ensuring that we deliver them efficiently and effectively. The five objectives are:

- 1) To provide excellent homes, services within a vibrant community;
- 2) To create opportunities for local people;
- 3) To improve the profile and raise the reputation of Ferguslie Park;
- 4) To inspire our Board and staff to be the best; and
- 5) To develop, grow and manage the business responsibly.

The Association looks forward with confidence to building on its achievements in 2020/21. It expects to:

- Continue the training and learning plans for Board and staff;
- Invest £581,325 in home improvements;
- 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; and
  - tentative look at growth, identifying sites in the area for possible future developments.
- Continue with a communications strategy to regain and protect its reputation; and
- Implementation of a new Tenant Engagement Strategy.

Like all social landlords, Ferguslie Park Housing Association faces 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 began in September 2018. The Association continues to be 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 continues to include 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.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2020

### Future Prospects (Continued)

**Affordability** – The freezing and capping of welfare benefits and 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 managed to curtail its rent increase to a below inflation increase of 1% 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.

### 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 continued to formally monitor Business Plan targets. An Independent Tenants Satisfaction Survey was completed in August 2018 and achieved the ambitious targets previously set 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 target with a result of 51.5%.

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 72.7% 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 neighborhood from 6.1% to 45% over 3 years – this has also been achieved in a single year with a result of 45.5%.

Rent arrears have been very difficult to reduce although progress has been made. Gross arrears have reduced to 4.7%. 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.

The Association continued to take 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 has emerged from the status of 'high engagement' with the Scottish Housing Regulator as a much stronger organisation. The staff and Management Board has worked extremely hard to gain the confidence of the Scottish Housing Regulator and will continue to work to maintain that position.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2020

### **The 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 The Board of Management's Responsibilities**

The Co-operative and Community Benefit 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; and
- 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 2010 and the Determination of Accounting Requirements 2019. It is responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

### **Going Concern**

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

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2020

### Statement on Internal Financial Control

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

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

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

The 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 2020. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

### Donations

During the year the Association made charitable donations amounting to £1,583 (2019 - £0).



## **FERGUSLIE PARK HOUSING ASSOCIATION LIMITED**

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### **REPORT OF THE THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2020**

#### **Disclosure of Information to the Auditor**

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

#### **Auditors**

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

#### **By order of the The Board of Management**

  
**CATRINA MILLER**

Secretary

19 August 2020

## 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 page 7 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 Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

#### **Opinion**

In our opinion the Statement on Internal Financial Control on page 7 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 The Board of Management, and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the 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  
19 August 2020



**Alexander Sloan**  
Accountants and Business Advisers

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

### Opinion

We have audited the financial statements of Ferguslie Park Housing Association Limited (the 'Association') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2020 and of 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 Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

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 LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FERGUSLIE PARK HOUSING ASSOCIATION LIMITED (Continued)

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

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 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 The Board of Management**

As explained more fully in the Statement of the Board of Management's Responsibilities as set out on page 5, the 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 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 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 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.

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

#### **Use of our Report**

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **ALEXANDER SLOAN**

Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
19 August 2020



## FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020	2019
		£	£
Revenue	2	4,377,070	4,292,903
Operating costs	2	3,266,964	3,177,379
<b>OPERATING SURPLUS</b>		<b>1,110,106</b>	<b>1,115,524</b>
Interest receivable and other income		8,603	9,012
Interest payable and similar charges	7	(80,718)	(83,812)
Other Finance income/(charges)	10	(22,000)	(25,000)
		(94,115)	(99,800)
<b>SURPLUS FOR THE YEAR</b>		<b>1,015,991</b>	<b>1,015,724</b>
<b>Other comprehensive income</b>			
Adjustment relating to opening pension liability	19	-	(405,000)
Actuarial gains/(losses) on defined benefit pension plan	19	871,592	(105,000)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,887,583</b>	<b>505,724</b>

The results relate wholly to continuing activities.

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

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Notes	2020		2019
		£	£	£
<b>NON-CURRENT ASSETS</b>				
Housing properties - depreciated cost	11		28,884,615	28,308,098
Other tangible assets	11		43,411	9,608
Investments	12		100	100
			<u>28,928,126</u>	<u>28,317,806</u>
<b>CURRENT ASSETS</b>				
Receivables	13	139,523	160,369	
Investments	14	640,350	251,229	
Cash and cash equivalents	15	1,174,278	2,694,810	
		<u>1,954,151</u>	<u>3,106,408</u>	
<b>CREDITORS: Amounts falling due within one year</b>	16	(510,880)	(1,343,238)	
<b>NET CURRENT ASSETS</b>			<u>1,443,271</u>	<u>1,763,170</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			30,371,397	30,080,976
<b>CREDITORS: Amounts falling due after more than one year</b>	17		(2,149,997)	(2,090,659)
<b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b>				
Scottish housing association pension scheme	19	-	(1,016,000)	
			-	(1,016,000)
<b>DEFERRED INCOME</b>				
Social housing grants	20	(14,388,220)	(15,028,722)	
			<u>(14,388,220)</u>	<u>(15,028,722)</u>
<b>NET ASSETS</b>			<u>13,833,180</u>	<u>11,945,595</u>
<b>EQUITY</b>				
Share capital	21		85	83
Revenue reserves			13,833,095	12,961,512
Pension reserves			-	(1,016,000)
			<u>13,833,180</u>	<u>11,945,595</u>

The financial statements were approved by the The Board of Management and authorised for issue and signed on their behalf on 19 August 2020.

  
Ian Williams  
Chairperson

  
Howard Dales  
Vice-Chairperson

  
Catrina Miller  
Secretary

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

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
<b>Surplus for the Year</b>			1,015,991		1,015,724
<i>Adjustments for non-cash items:</i>					
Depreciation of tangible fixed assets	11	1,081,219		1,035,145	
Amortisation of capital grants	20	(79,672)		(700,785)	
Non-cash adjustments to pension provisions		(144,408)		(136,000)	
			857,139		273,162
Interest receivable			(8,603)		-
Interest payable	7		80,718		-
<b>Operating cash flows before movements in working capital</b>			1,945,245		1,288,886
Change in debtors		20,846		17,971	
Change in creditors		(935,155)		685,960	
			(914,309)		703,931
<b>Net cash inflow from operating activities</b>			1,030,936		1,992,817
<b>Investing Activities</b>					
Acquisition and construction of properties		(1,640,513)		(1,310,767)	
Purchase of Intangible Fixed Assets		-		-	
Purchase of other fixed assets		(51,026)		(14,158)	
Other grants received		36,928		-	
Other grants eliminated on disposal		(597,758)		-	
Changes on short term deposits with banks		(389,121)		998,771	
<b>Net cash outflow from investing activities</b>			(2,641,490)		(326,154)
<b>Financing Activities</b>					
Loan Advances Received		272,402		-	
Interest received on cash and cash equivalents		8,603		9,012	
Interest paid on loans		(80,718)		(83,814)	
Loan principal repayments		(110,267)		(109,530)	
Share capital issued	21	2		3	
<b>Net cash inflow / (outflow) from financing activities</b>			90,022		(184,329)
<b>(decrease)/increase in cash</b>	22		(1,520,532)		1,482,334
<b>Opening cash &amp; cash equivalents</b>			2,694,810		1,212,476
<b>Closing cash &amp; cash equivalents</b>			<b>1,174,278</b>		<b>2,694,810</b>
<b>Cash and cash equivalents as at 31 March</b>					
Cash	22		1,174,278		2,694,810
			<b>1,174,278</b>		<b>2,694,810</b>

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

## FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

### STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2020

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2018	80	-	11,439,788	11,439,868
Issue of Shares	3	-	-	3
Other comprehensive income	-	(510,000)	-	(510,000)
Other movements	-	(506,000)	506,000	-
Surplus for the year	-	-	1,015,724	1,015,724
<b>Balance as at 31 March 2019</b>	<b>83</b>	<b>(1,016,000)</b>	<b>12,961,512</b>	<b>11,945,595</b>
Balance as at 1 April 2019	83	(1,016,000)	12,961,512	11,945,595
Issue of Shares	2	-	-	2
Other comprehensive income	-	871,592	-	871,592
Other movements	-	144,408	(144,408)	-
Surplus for the year	-	-	1,015,991	1,015,991
<b>Balance as at 31 March 2020</b>	<b>85</b>	<b>-</b>	<b>13,833,095</b>	<b>13,833,180</b>

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



# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance and Basis of Accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below.

#### Revenue

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

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

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

#### Retirement Benefits

The Association previously participated in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association moved to the SHAPS defined contribution scheme on leaving the defined benefit scheme. Contributions to defined contribution plans are recognised as employee benefit expense when they are due.

#### Going Concern

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

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### NOTES TO THE FINANCIAL STATEMENTS (continued)

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

##### Housing Properties

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

<i>Component</i>	<i>Useful Economic Life</i>
Land	Not Applicable
Structure	Over 50 years
Roofs	Over 30 years
Windows and Doors	Over 25 years
Kitchens	Over 15 years
Bathrooms	Over 25 years
Boilers	Over 15 years
Central Heating	Over 30 years

##### Depreciation and Impairment of Other Tangible Assets

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

<i>Asset Category</i>	<i>Depreciation Rate</i>
Office Premises	Amortised over expected occupancy period 20% straight line (20% reducing balance on pool expenditure)
Furniture and Fittings	33% straight line
Office Equipment	

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

##### Social Housing Grants and Other Capital Grants

Social housing grants and other capital grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which they relate.

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

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

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

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

#### **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 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 Scottish Charity and is not liable to taxation on its charitable activities.

#### **Leases**

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

#### **Works to Existing Properties**

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property, a material reduction in future maintenance costs, or a significant extension of the life of the property.

#### **Capitalisation Of Development Overheads**

Directly attributable development administration costs relating to ongoing development activities are capitalised.

#### **Borrowing Costs**

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

#### **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 non-current asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income.

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

#### **VAT**

The Association is VAT registered but the substantial proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

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

#### Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the Association to exercise judgement in applying its accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below.

#### Key Judgements

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

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

##### *d) Pension Liability*

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

#### Estimation Uncertainty

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

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

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

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

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

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

##### *d) 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.

##### *e) Defined pension liability*

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

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

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

	Notes	2020			2019		
		Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	4,348,070	3,237,964	1,110,106	4,263,903	3,148,379	1,115,524
Other Activities	4	29,000	29,000	-	29,000	29,000	-
<b>Total</b>		<b>4,377,070</b>	<b>3,266,964</b>	<b>1,110,106</b>	<b>4,292,903</b>	<b>3,177,379</b>	<b>1,115,524</b>

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

	General Needs Housing £	Shared Ownership £	2020 Total £	2019 Total £
<b>Revenue from Lettings</b>				
Rent receivable net of service charges	3,580,600	15,183	3,595,783	3,499,537
Service charges receivable	24,896	-	24,896	23,496
<b>Gross income from rent and service charges</b>	<b>3,605,496</b>	<b>15,183</b>	<b>3,620,679</b>	<b>3,523,033</b>
Less: Rent losses from voids	9,440	-	9,440	9,915
<b>Income from rents and service charges</b>	<b>3,596,056</b>	<b>15,183</b>	<b>3,611,239</b>	<b>3,513,118</b>
Grants released from deferred income	673,214	4,217	677,431	700,785
Revenue grants from Scottish Ministers	45,000	-	45,000	50,000
Other revenue grants	14,400	-	14,400	-
<b>Total turnover from affordable letting activities</b>	<b>4,328,670</b>	<b>19,400</b>	<b>4,348,070</b>	<b>4,263,903</b>
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	1,279,402	9,764	1,289,166	1,312,233
Planned and cyclical maintenance, including major repairs	327,941	-	327,941	265,831
Reactive maintenance costs	565,800	-	565,800	527,832
Bad Debts - rents and service charges	(8,939)	-	(8,939)	12,117
Depreciation of affordable let properties	1,057,293	6,703	1,063,996	1,030,366
<b>Operating costs of affordable letting activities</b>	<b>3,221,497</b>	<b>16,467</b>	<b>3,237,964</b>	<b>3,148,379</b>
<b>Operating surplus on affordable letting activities</b>	<b>1,107,173</b>	<b>2,933</b>	<b>1,110,106</b>	<b>1,115,524</b>
<b>2019</b>	<b>1,110,803</b>	<b>4,721</b>		

## FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

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

	Other income	Total Turnover	Other operating costs	Operating surplus / (deficit) 2020	Operating surplus / (deficit) 2019
	£	£	£	£	£
Management Charge to Subsidiary	29,000	29,000	29,000	-	-
<b>Total From Other Activities</b>	<b>29,000</b>	<b>29,000</b>	<b>29,000</b>	<b>-</b>	<b>-</b>
<b>2019</b>	<b>29,000</b>	<b>29,000</b>	<b>29,000</b>	<b>-</b>	

## FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

#### 5. OFFICERS' EMOLUMENTS

	2020	2019
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the The Board of Management, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions and social security costs)	<u>76,802</u>	<u>-</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>7,672</u>	<u>-</u>
Total emoluments payable to the Group Chief Executive and Secretary	<u>93,794</u>	<u>-</u>
Total emoluments paid to key management personnel (including pension and social security costs)	<u>362,013</u>	<u>291,868</u>
Consideration paid for services of key management personnel paid to third parties	<u>-</u>	<u>41,580</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
£70,001 to £80,000	<u>1</u>	<u>-</u>

#### 6. EMPLOYEE INFORMATION

	2020	2019
	No.	No.
Average monthly number of full time equivalent persons employed during the year	<u>20</u>	<u>18</u>
Average total number of employees employed during the year	<u>21</u>	<u>18</u>
Staff costs were:	£	£
Wages and salaries	768,714	670,486
National insurance costs	80,952	68,144
Pension operating expense	73,991	49,231
Temporary, agency and seconded staff	-	14,888
	<u>923,657</u>	<u>802,749</u>

Pension contributions are detailed in the pension note.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2020	2019
	£	£
On bank loans and overdrafts	<u>80,718</u>	<u>83,812</u>

### 8. SURPLUS FOR THE YEAR

	2020	2019
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	1,066,825	1,035,334
(Loss) / gain on component disposals	(14,394)	189
Auditors' remuneration - audit services	8,760	9,000
Operating lease rentals - land & buildings	30,000	30,000
Operating lease rentals - other	<u>3,072</u>	<u>1,619</u>

### 9. CORPORATION TAX

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

### 10. OTHER FINANCE INCOME / (CHARGES)

	2020	2019
	£	£
Net interest on pension obligations	<u>(22,000)</u>	<u>(25,000)</u>



# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### 11. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Shared Ownership Completed £	Total £
<b>COST</b>			
At 1 April 2019	48,474,113	388,217	48,862,330
Additions	1,640,513	-	1,640,513
Disposals	(642,141)	-	(642,141)
At 31 March 2020	<u>49,472,485</u>	<u>388,217</u>	<u>49,860,702</u>
<b>DEPRECIATION</b>			
At 1 April 2019	20,366,115	188,117	20,554,232
Charge for Year	1,042,899	6,703	1,049,602
Disposals	(627,747)	-	(627,747)
At 31 March 2020	<u>20,781,267</u>	<u>194,820</u>	<u>20,976,087</u>
<b>NET BOOK VALUE</b>			
At 31 March 2020	<u>28,691,218</u>	<u>193,397</u>	<u>28,884,615</u>
At 31 March 2019	<u>28,107,998</u>	<u>200,100</u>	<u>28,308,098</u>

	2020		2019	
	<i>Component replacement</i> £	<i>Improvement</i> £	<i>Component replacement</i> £	<i>Improvement</i> £
<b>Expenditure on Existing Properties</b>				
Amounts capitalised	1,640,513	-	1,310,767	-
Amounts charged to the statement of comprehensive income		<u>893,741</u>		<u>793,663</u>

All land and housing properties are heritable.

Additions to housing properties include capitalised development administration costs of £45,676 (2019-£51,576)

The Association's lenders have standard securities over housing property with a carry value of £8,036,625 (2019 - £7,197,151)

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### 11. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>			
At 1 April 2019	244,488	253,139	497,627
Additions	10,485	40,541	51,026
Eliminated on disposals	-	(121,293)	( 121,293)
At 31 March 2020	<u>254,973</u>	<u>172,387</u>	<u>427,360</u>
<b>DEPRECIATION</b>			
At 1 April 2019	244,488	243,531	488,019
Charge for year	210	17,013	17,223
Eliminated on disposals	-	(121,293)	( 121,293)
At 31 March 2020	<u>244,698</u>	<u>139,251</u>	<u>383,949</u>
<b>NET BOOK VALUE</b>			
At 31 March 2020	<u>10,275</u>	<u>33,136</u>	<u>43,411</u>
At 31 March 2019	<u>-</u>	<u>9,608</u>	<u>9,608</u>

### 12. FIXED ASSET INVESTMENTS

	2020 £	2019 £
Subsidiary undertakings	<u>100</u>	<u>100</u>

#### Subsidiary Undertakings

Ferguslie Park Housing Association Limited has the following wholly owned subsidiary undertaking. The registered office of the subsidiary is The Tannahill Centre, 76 Blackstoun Road, Ferguslie Park.

	2020		2019	
	<i>Reserves</i> £	<i>Profit / (Loss)</i> £	<i>Reserves</i> £	<i>Profit / (Loss)</i> £
The New Tannahill Centre Ltd	<u>315,123</u>	<u>(39,816)</u>	<u>354,939</u>	<u>54,383</u>

## FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

### 13. RECEIVABLES

	2020	2019
	£	£
Gross arrears of rent & service charges	188,791	217,551
<b>Less:</b> Provision for doubtful debts	<b>(100,000)</b>	<b>(110,000)</b>
<i>Net arrears of rent and service charges</i>	88,791	107,551
Social housing grant receivable	-	12,982
Other receivables	46,584	39,836
Amounts due from group undertakings	4,148	-
	<u>139,523</u>	<u>160,369</u>

### 14. CURRENT ASSET INVESTMENTS

	2020	2019
	£	£
Short term deposits	640,350	251,229

### 15. CASH AND CASH EQUIVALENTS

	2020	2019
	£	£
Cash at bank and in hand	1,174,278	2,694,810

### 16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans	166,777	63,980
Trade payables	41,761	611,439
Rent received in advance	95,838	107,921
Other taxation and social security	20,712	18,663
Amounts due to group undertakings	-	220
Accruals and deferred income	185,792	541,015
	<u>510,880</u>	<u>1,343,238</u>

## FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

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

	2020	2019
	£	£
Bank loans	2,149,997	2,090,659

#### 18. DEBT ANALYSIS - BORROWINGS

	2020	2019
	£	£
<b>Bank Loans</b>		
Amounts due within one year	166,777	63,980
Amounts due in one year or more but less than two years	118,118	65,705
Amounts due in two years or more but less than five years	360,617	206,818
Amounts due in more than five years	1,671,262	1,818,136
	<u>2,316,774</u>	<u>2,154,639</u>

The Association has a number of bank loans the principal terms of which are as follows:

<i>Lender</i>	<i>Number of Properties Secured</i>	<i>Effective Interest Rate</i>	<i>Maturity (Year)</i>	<i>Variable or Fixed</i>
Royal Bank of Scotland	270	2.5%	2036	Variable
Royal Bank of Scotland	270	6.9%	2036	Fixed
Royal Bank of Scotland	270	3.0%	2036	Fixed

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

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### 19. RETIREMENT BENEFIT OBLIGATIONS

#### Scottish Housing Association Pension Scheme

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

The Association moved to a defined contribution scheme in 1 April 2015 but has a net liability for the past service deficit in the defined benefit scheme.

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

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

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

In 2019 the Pensions Trust, the administrator of the Scheme developed a method of determining the share of assets and liabilities for individual employers. This method was adopted by the Association in 2019 and resulted in an adjustment to the opening pension liability recognised in the statement of financial position of £(405,000).

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

	2020	2019
	£	£
Fair value of plan assets	5,081,000	4,692,000
Present value of defined benefit obligation	5,065,000	5,708,000
Surplus / (deficit) in plan	<u>16,000</u>	<u>(1,016,000)</u>
Unrecognised surplus	<u>(16,000)</u>	<u>-</u>
Defined benefit asset / (liability) to be recognised	<u>-</u>	<u>(1,016,000)</u>

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### 19. RETIREMENT BENEFIT OBLIGATIONS (continued)

#### Scottish Housing Association Pension Scheme (continued.)

#### Reconciliation of opening and closing balances of the defined benefit obligation

	2020 £	2019 £
Defined benefit obligation at the start of period	5,708,000	5,460,000
Expenses	5,000	5,000
Interest expense	132,000	139,000
Actuarial losses / (gains) due to scheme experience	33,000	(105,000)
Actuarial losses / (gains) due to changes in demographic assumptions	(31,000)	15,000
Actuarial losses / (gains) due to changes in financial assumptions	(640,000)	402,000
Benefits paid and expenses	(142,000)	(208,000)
Defined benefit obligation at the end of period	<u>5,065,000</u>	<u>5,708,000</u>

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

	2020 £	2019 £
Fair value of plan assets at start of period	4,692,000	4,413,000
Interest income	110,000	114,000
Experience on plan assets (excluding amounts included in interest income) - gain / (loss)	250,000	207,000
Contributions by the employer	171,000	166,000
Benefits paid and expenses	(142,000)	(208,000)
Fair value of plan assets at the end of period	<u>5,081,000</u>	<u>4,692,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2020 was £360,000.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE FINANCIAL STATEMENTS (continued)

## 19. RETIREMENT BENEFIT OBLIGATIONS (continued)

### Scottish Housing Association Pension Scheme (continued.)

#### Defined benefit costs recognised in the Statement of Comprehensive Income

	2020	2019
	£	£
Current service cost	-	-
Expenses	5,000	5,000
Net interest expense	22,000	25,000
	<u>27,000</u>	<u>30,000</u>
Defined benefit costs recognised in the Statement of Comprehensive Income	<u>27,000</u>	<u>30,000</u>

#### Defined benefit costs recognised in the other comprehensive income

	2020	2019
	£	£
Experience on plan assets (excluding amounts included in interest income) - gain / (loss)	250,000	207,000
Experience gains and losses arising on plan liabilities - gain / (loss)	(33,000)	105,000
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain / (loss)	31,000	(15,000)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	640,000	(402,000)
	<u>888,000</u>	<u>(105,000)</u>
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	888,000	(105,000)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	(16,000)	-
	<u>872,000</u>	<u>(105,000)</u>
Total amount recognised in other comprehensive income - gain / (loss)	<u>872,000</u>	<u>(105,000)</u>

## FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

#### 19. RETIREMENT BENEFIT OBLIGATIONS (continued)

##### Scottish Housing Association Pension Scheme (continued.)

##### Assets

	2020	2019	2018
	£	£	£
Absolute Return	312,000	397,000	524,000
Alternative Risk Premia	407,000	262,000	167,000
Corporate Bond Fund	371,000	329,000	308,000
Credit Relative Value	122,000	81,000	-
Distressed Opportunities	93,000	80,000	20,000
Emerging Markets Debt	181,000	150,000	151,000
Fund of Hedge Funds	-	13,000	127,000
Global Equity	699,000	755,000	794,000
Infrastructure	300,000	197,000	80,000
Insurance-Linked Securities	136,000	122,000	121,000
Liability Driven Investment	1,338,000	1,669,000	1,553,000
Long Lease Property	124,000	57,000	-
Net Current Assets	38,000	5,000	8,000
Over 15 Year Gilts	64,000	121,000	143,000
Private Debt	101,000	61,000	41,000
Property	95,000	93,000	174,000
Risk Sharing	161,000	136,000	40,000
Secured Income	282,000	164,000	162,000
Opportunistic Illiquid Credit	124,000	-	-
Liquid Credit	133,000	-	-
Total assets	<u>5,081,000</u>	<u>4,692,000</u>	<u>4,413,000</u>

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

##### Key Assumptions

	2020	2019	2018
Discount Rate	2.4%	2.3%	2.6%
Inflation (RPI)	2.6%	3.3%	3.2%
Inflation (CPI)	1.6%	2.3%	2.2%
Salary Growth	2.6%	3.3%	3.2%

Allowance for commutation of pension for cash at retirement	<u>75% of maximum allowance</u>
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The mortality assumptions adopted at 31 March 2020 imply the following life expectancies:

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



# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### 20. DEFERRED INCOME

	Social Housing Grants £	Total £
<b>Capital grants received</b>		
At 1 April 2019	33,155,073	33,155,073
Additions in the year	36,928	36,928
Eliminated on disposal	(597,758)	(597,758)
At 31 March 2020	<u>32,594,243</u>	<u>32,594,243</u>
<b>Amortisation</b>		
At 1 April 2019	18,126,351	18,126,351
Amortisation in year	678,918	678,918
Eliminated on disposal	(599,246)	(599,246)
At 31 March 2020	<u>18,206,023</u>	<u>18,206,023</u>
<b>Net book value</b>		
At 31 March 2020	<u>14,388,220</u>	<u>14,388,220</u>
At 31 March 2019	<u>15,028,722</u>	<u>15,028,722</u>

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

	2020 £	2019 £
Amounts due within one year	678,918	700,783
Amounts due in more than one year	13,709,302	14,327,939
	<u>14,388,220</u>	<u>15,028,722</u>

### 21. SHARE CAPITAL

<b>Shares of £1 each, issued and fully paid</b>	<b>2020 £</b>	<b>2019 £</b>
At 1 April	83	80
Issued in year	<u>2</u>	<u>3</u>
At 31 March	<u>85</u>	<u>83</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.

## FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

#### 22. CASH FLOWS

##### Reconciliation of net cash flow to movement in net debt

	2020		2019	
	£	£	£	£
(Decrease) / increase in cash	(1,520,532)		1,482,334	
Change in liquid resources	389,121		(998,771)	
Cashflow from change in net debt	(162,135)		109,530	
Movement in net debt during the year		(1,293,546)		593,093
Net debt at 1 April		791,400		198,307
Net debt at 31 March		(502,146)		791,400

	At 01 April 2019	Cashflows	Other Changes	At 31 March 2020
	£	£	£	£
Cash and cash equivalents	2,694,810	(1,520,532)	-	1,174,278
Bank overdrafts	-	-	-	-
	2,694,810	(1,520,532)	-	1,174,278
Liquid resources	251,229	389,121	-	640,350
Debt: Due within one year	(63,980)	(162,135)	59,338	(166,777)
Due after more than one year	(2,090,659)	-	(59,338)	(2,149,997)
Net debt	791,400	(1,293,546)	-	(502,146)

#### 23. CAPITAL COMMITMENTS

	2020	2019
	£	£
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	169,775	800,000

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

#### 24. COMMITMENTS UNDER OPERATING LEASES

	2020	2019
	£	£
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
<b>Other</b>		
Expiring in the next year	405	1,619
Expiring later than one year and not later than five years	3,787	405

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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

### 25. 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.

### 26. THE BOARD OF MANAGEMENT MEMBER EMOLUMENTS

The Board of Management members received £36 (2019 - £745) in the year by way of reimbursement of expenses. No remuneration is paid to The Board of Management members in respect of their duties to the Association.

### 27. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2020 No.	2019 No.
General needs	804	803
Shared ownership	6	6
	<u>810</u>	<u>809</u>

### 28. RELATED PARTY TRANSACTIONS

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

Any transactions between the Association and any entity with which The Board of Management member has a connection with is made at arm's length and is under normal commercial terms.

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

	2020 £	2019 £
Rent received from tenants on The Board of Management and their close family members	<u>9,552</u>	<u>22,725</u>

At the year end total rent arrears owed by the tenant members on The Board of Management (and their close family) were £46 (2019 - £1,300).

Members of The Board of Management who are tenants	2	5
Members of The Board of Management who are local authority employees	1	1

### 29. NON ADJUSTING POST BALANCE SHEET EVENT

At the time of approving the financial statements, the United Kingdom is impacted by the Coronavirus pandemic. The Association is monitoring the position and updating its plans accordingly. Like most RSL's, however, the virus is likely to impact the Association's activities.