



Alexander Sloan
Accountants and Business Advisers

Ferguslie Park Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2021

Registered Social Landlord No. RSL99

FCA Reference No. 2282R(S)

Scottish Charity No. SC034893

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

BOARD OF MANAGEMENT, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2021

BOARD OF MANAGEMENT

Ian Williams
Howard Dales
Richard Bolton
Andrea McLaughlan
Louise McNicol
Helen Glassford
Barbara Walker
Andy Wilson
Siphosami Bazaya
Gary Russell
James Strang
Lucia Mumbure

Chairperson
Vice-Chairperson.
Retired September 2020
Resigned April 2021

Retired September 2020

EXECUTIVE OFFICERS

Catrina Miller
Ivor McCauley
Cindy McNeill
Catherine Aiton
Gavin Johnston
Greg Richardson

Group Chief Executive and Secretary
Head of Operations
Finance and Corporate Services Manager
Property Services Manager
Property Asset Manager
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

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 2HG

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021

The Board of Management presents its report and the financial statements for the year ended 31 March 2021.

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) under the Housing (Scotland) Act 2010 and as is a registered Scottish Charity with the charity number SC034983.

Principal Activities

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

Review of Business and Future Developments

The principle 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 is fully realised'*. The purpose of the Ferguslie Group is to regenerate Ferguslie Park and to work with its partners to channel ideas, action and investment. Ferguslie Park Housing Association's vision is to be at the heart of a vibrant, healthy and flourishing community, with the key strategic objectives:

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

Review of Business and Future Developments

The year to 31 March 2021 was a challenging year due to the Covid-19 pandemic, however the Association was able to approve a new three-year (2020-2023) Business Plan.

The Association rapidly adapted to staff delivering a good tenant service whilst working from home. This was partly due to the upgrade of IT and telephone systems in November 2020. While the pandemic delayed the majority of the planned maintenance programme, good progress was made with implementing the smoke and heat detection systems and electrical testing, when restrictions allowed. Agreed covenant amendments with the Association's lender has enabled the carry forward of the planned maintenance which was unable to be completed during the year to the next two financial years.

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021

Review of Business and Future Developments (Contd.)

Financial Review of the Year Ending 31 March 2021

In the year to 31 March 2021, the Association had total comprehensive income of £406,718 compared to £ 1,887,583 in the previous year. The significant difference is due to changes in the valuation of the pension liability. The 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 £60,036 in the year on replacing components, such as kitchens and boilers, in its empty properties. The planned investment programme for 2020/21 will now be carried out in the next two financial years.

The Association has a defined benefit pension scheme in place with the Scottish Housing Association Pension Scheme, which is administered by TPT Retirement Solutions. 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 £739,458 in other comprehensive income, effectively decreasing the surplus for the year from £1,146,176 to £406,718.

The bank loan covenants were comfortably met in the year and bank loan repayments of £111,203 were made, leaving a balance outstanding of £1,933,169 at 31 March 2021. The Association also owes the Scottish Government a balance of £217,921 for an interest free loan to fund the smoke and heat detector programme.

The Association's bank balance increased from £1,814,628 at the start of the year to £3,025,887 at 31 March 2021; the increase being a result of planned maintenance works not being carried out in the year due to the pandemic. Reserves have increased from £13,833,095 to £14,239,813 reflecting the surplus for the year.

Future Prospects

The Association looks forward with confidence to building on its achievements in 2021/22 as it moves into the second year of its 3-year Business Plan. It expects to:

- Continue the training and learning plans for Board and staff;
- Invest £1,525,823 in home improvements;
- Focus on its strategic priorities of:
 - 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 by being much more than just a landlord
 - connectivity through building strong links within and out-with the community
 - governance and business improvements by continuing to strengthen and develop the organisation and its people
 - growing the organisation by identifying sites in the area for possible future developments
- Continue with a communications strategy to protect our reputation; and
- Continue to implement the new Tenant Engagement Strategy

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021

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:

Covid-19 Recovery including Welfare Reform

Covid-19 Pandemic - This has had a detrimental effect on the wellbeing and has placed financial burdens on tenants and the Association is in no doubt that, as time moves on, these issues may become more apparent particularly when the Government's job retention scheme finally comes to an end. Changes such as the payment of benefits in arrears, the 6-week waiting time for Universal Credit payments, the frequent withdrawal of benefits when circumstances change and the deduction of the extra £20 per week provided during the pandemic will continue to have seriously detrimental effects on our 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 also collaboration with the Tannahill Centre, the local newspaper and Renfrewshire Council to raise awareness and assistance.

Affordability—The freezing and capping of welfare benefits and the prevalence locally of zero-hour contracts and low paid employment opportunities bring hardship for many tenants, especially those with dependent children. The Association has implemented a rent freeze for 2021/22, managing to both ensure financial viability and recognise the affordability of rents for 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.

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021

Review of Business and Future Developments (Contd.)

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 neighbourhood from 6.1% to 45% over 3 years—this has also been achieved, in a single year with a result of 45.5%.

A new independent Tenant Satisfaction Survey is scheduled to take place in August 2021.

Rent arrears had previously been difficult to reduce, however fortunately for the organisation, the effort made throughout 2019 found tenants in a better place just prior to the effects of the Covid-19 pandemic taking effect. This resulted in arrears increasing during the first few months of the pandemic then stabilising at the slightly higher rate thereafter. Gross arrears have stayed in line with last year's percentage at 4.66%. Assistance to tenants in arrears by the Welfare Rights Team was exceptional although the service was carried out over the phone rather than in person.

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. We also provided the Scottish Housing Regulator with a Covid_19 Return on a monthly basis.

Principal Risks and Uncertainties

The Scottish Housing Regulator categorises the Association as being compliant which means it meets the Regulatory requirements, including the Standards of Governance and Financial Management. The staff and Management Board have 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

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021

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 that give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements the 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 a going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on internal financial control.

The 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 also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

Going Concern

Based on its budgetary and forecasting processes the 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

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021

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 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 end 31 March 2021. 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 no charitable donations (2020 - £1,583).

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 the auditors.

Auditor

Following a competitive tender process, Chiene & Tait, Chartered Accountants will be proposed to the members of the Association as the auditors for the financial year 2021/22.

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2021

By order of the Board of Management



CATRINA MILLER
Secretary

19/8/2021

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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 to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement of Internal Financial Control on page 7 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

Through enquiry of certain members of the 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 contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.


ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
24/8/2021



Alexander Sloan
Accountants and Business Advisers

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FERGUSLIE PARK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of Ferguslie Park Housing Association Limited (the 'Association') for the year ended 31 March 2021 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 2021 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

Basis of Opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board of Management use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board of Management with respect to going concern are described in the relevant sections of this report.

Other Information

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

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FERGUSLIE PARK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Other Information (Contd.)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- 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 page 6, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FERGUSLIE PARK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud
Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Association through discussions with the Board of Management and other management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- requesting correspondence with the Scottish Housing Regulator and the Association's legal advisors.

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FERGUSLIE PARK HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. The 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
24/8/2021



Alexander Sloan
Accountants and Business Advisers

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

| | Notes | 2021 £ | 2020 £ |
|--|-------|-----------------------|-------------------------|
| Revenue | 2 | 4,491,171 | 4,377,070 |
| Operating costs | 2 | <u>3,269,672</u> | <u>3,266,964</u> |
| OPERATING SURPLUS | | 1,221,499 | 1,110,106 |
| Interest receivable and other income | | 1,125 | 8,603 |
| Interest payable and similar charges | 7 | (71,306) | (80,718) |
| Other Finance income/(charges) | 10 | <u>(5,142)</u> | <u>(22,000)</u> |
| | | <u>(75,323)</u> | <u>(94,115)</u> |
| SURPLUS FOR THE YEAR | | 1,146,176 | 1,015,991 |
| Other comprehensive income | | | |
| Actuarial gains/(losses) on defined benefit pension plan | 19 | <u>(739,458)</u> | <u>871,592</u> |
| TOTAL COMPREHENSIVE INCOME | | <u>406,718</u> | <u>1,887,583</u> |

The results relate wholly to continuing activities.

The notes on pages 18 to 36 form an integral part of these financial statements.

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

| | Notes | 2021 | | 2020 |
|--|-------|------------------|---------------------|---------------------|
| | | £ | £ | £ |
| NON-CURRENT ASSETS | | | | |
| Housing properties - depreciated cost | 11 | | 27,884,362 | 28,884,615 |
| Other tangible assets | 11 | | 40,016 | 43,411 |
| Investments | 12 | | 100 | 100 |
| | | | <u>27,924,478</u> | <u>28,928,126</u> |
| CURRENT ASSETS | | | | |
| Receivables | 13 | 120,519 | 139,523 | |
| Investments | 14 | 390,295 | 640,350 | |
| Cash and cash equivalents | 15 | 2,635,592 | 1,174,278 | |
| | | <u>3,146,406</u> | <u>1,954,151</u> | |
| CREDITORS: Amounts falling due within one year | 16 | (545,914) | (510,880) | |
| NET CURRENT ASSETS | | | <u>2,600,492</u> | <u>1,443,271</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 30,524,970 | 30,371,397 |
| CREDITORS: Amounts falling due after more than one year | 17 | | (1,984,413) | (2,149,997) |
| PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES | | | | |
| Scottish housing association pension scheme | 19 | (585,000) | - | |
| | | | <u>(585,000)</u> | <u>-</u> |
| DEFERRED INCOME | | | | |
| Social housing grants | 20 | (13,715,660) | (14,388,220) | |
| | | | <u>(13,715,660)</u> | <u>(14,388,220)</u> |
| NET ASSETS | | | <u>14,239,897</u> | <u>13,833,180</u> |
| EQUITY | | | | |
| Share capital | 21 | | 84 | 85 |
| Revenue reserves | | | 14,824,813 | 13,833,095 |
| Pension reserves | | | (585,000) | - |
| | | | <u>14,239,897</u> | <u>13,833,180</u> |

The financial statements were approved by the The Board of Management and authorised for issue and signed on their behalf on 24/8/2021


Ian Williams
Chairperson


Howard Dales
Vice-Chairperson


Catrina Miller
Secretary

The notes on pages 18 to 36 form an integral part of these financial statements.

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

| | Notes | £ | 2021 £ | £ | 2020 £ |
|---|-------|-----------|------------------|-------------|------------------|
| Surplus for the Year | | | 1,146,176 | | 1,015,991 |
| <i>Adjustments for non-cash items:</i> | | | | | |
| Depreciation of tangible fixed assets | 11 | 1,080,514 | | 1,081,219 | |
| Amortisation of capital grants | 20 | (645,423) | | (79,672) | |
| Non-cash adjustments to pension provisions | | (154,458) | | (144,408) | |
| | | | 280,632 | | 857,139 |
| Interest receivable | | | (1,125) | | (8,603) |
| Interest payable | 7 | | 71,306 | | 80,718 |
| | | | | | |
| Operating cash flows before movements in working capital | | | 1,496,989 | | 1,945,245 |
| Change in debtors | | 19,004 | | 20,846 | |
| Change in creditors | | 35,134 | | (935,155) | |
| | | | 54,138 | | (914,309) |
| Net cash inflow from operating activities | | | 1,551,127 | | 1,030,936 |
| Investing Activities | | | | | |
| Acquisition and construction of properties | | (60,036) | | (1,640,513) | |
| Purchase of other fixed assets | | (16,830) | | (51,026) | |
| Other grants received | | - | | 36,928 | |
| Other grants eliminated on disposal | | (27,137) | | (597,758) | |
| Changes on short term deposits with banks | | 250,055 | | (389,121) | |
| Net cash inflow / (outflow) from investing activities | | | 146,052 | | (2,641,490) |
| Financing Activities | | | | | |
| Loan Advances Received | | - | | 272,402 | |
| Interest received on cash and cash equivalents | | 1,125 | | 8,603 | |
| Interest paid on loans | | (71,306) | | (80,718) | |
| Loan principal repayments | | (165,684) | | (110,267) | |
| Share capital issued | 21 | - | | 2 | |
| Net cash (outflow) / inflow from financing activities | | | (235,865) | | 90,022 |
| Increase/(decrease) in cash | 22 | | 1,461,314 | | (1,520,532) |
| Opening cash & cash equivalents | | | 1,174,278 | | 2,694,810 |
| Closing cash & cash equivalents | | | 2,635,592 | | 1,174,278 |
| Cash and cash equivalents as at 31 March | | | | | |
| Cash | 22 | | 2,635,592 | | 1,174,278 |
| | | | 2,635,592 | | 1,174,278 |

The notes on pages 18 to 36 form an integral part of these financial statements.

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2021

| | Share Capital | Scottish Housing Association Pension reserve | Revenue Reserve | Total |
|------------------------------------|------------------|--|--------------------|-------------------|
| | £ | £ | £ | £ |
| 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 |
| Balance as at 31 March 2020 | 85 | - | 13,833,095 | 13,833,180 |
| Balance as at 1 April 2020 | 85 | - | 13,833,095 | 13,833,180 |
| Other comprehensive income | - | (739,458) | - | (739,458) |
| Other movements | - | 154,458 | (154,458) | - |
| Surplus for the year | - | - | 1,146,176 | 1,146,176 |
| Balance as at 31 March 2021 | 84 | (585,000) | 14,824,813 | 14,239,897 |

The notes on pages 18 to 36 form an integral part of these financial statements.

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 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 2021 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 |
| Computer Equipment | 33% straight line |

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 2021
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.

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 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 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

| | Notes | 2021 | | | 2020 | | |
|-------------------------------|-------|------------------|-------------------------|--|------------------|-------------------------|--|
| | | Turnover £ | Operating costs £ | Operating surplus / (deficit) £ | Turnover £ | Operating costs £ | Operating surplus / (deficit) £ |
| Affordable letting activities | 3 | 4,461,706 | 3,240,207 | 1,221,499 | 4,348,070 | 3,237,964 | 1,110,106 |
| Other Activities | 4 | 29,465 | 29,465 | - | 29,000 | 29,000 | - |
| Total | | 4,491,171 | 3,269,672 | 1,221,499 | 4,377,070 | 3,266,964 | 1,110,106 |

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

| | General Needs Housing £ | Shared Ownership £ | 2021 Total £ | 2020 Total £ |
|---|----------------------------------|--------------------------|--------------------|--------------------|
| Revenue from Lettings | | | | |
| Rent receivable net of service charges | 3,607,302 | 15,321 | 3,622,623 | 3,595,783 |
| Service charges receivable | 25,152 | - | 25,152 | 24,896 |
| Gross income from rent and service charges | 3,632,454 | 15,321 | 3,647,775 | 3,620,679 |
| Less: Rent losses from voids | 36,324 | - | 36,324 | 9,440 |
| Income from rents and service charges | 3,596,130 | 15,321 | 3,611,451 | 3,611,239 |
| Grants released from deferred income | 668,636 | 3,924 | 672,560 | 677,431 |
| Revenue grants from Scottish Ministers | 38,310 | - | 38,310 | 45,000 |
| Other revenue grants | 139,385 | - | 139,385 | 14,400 |
| Total turnover from affordable letting activities | 4,442,461 | 19,245 | 4,461,706 | 4,348,070 |
| Expenditure on affordable letting activities | | | | |
| Management and maintenance administration costs | 1,338,694 | 10,210 | 1,348,904 | 1,289,166 |
| Planned and cyclical maintenance, including major repairs | 440,965 | - | 440,965 | 327,941 |
| Reactive maintenance costs | 361,583 | - | 361,583 | 565,800 |
| Bad Debts - rents and service charges | 28,466 | - | 28,466 | (8,939) |
| Depreciation of affordable let properties | 1,054,207 | 6,082 | 1,060,289 | 1,063,996 |
| Operating costs of affordable letting activities | 3,223,915 | 16,292 | 3,240,207 | 3,237,964 |
| Operating surplus on affordable letting activities | 1,218,546 | 2,953 | 1,221,499 | 1,110,106 |
| 2020 | 1,107,173 | 2,933 | | |

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
 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) 2021 | Operating surplus / (deficit) 2020 |
|------------------------------------|----------------------|----------------------|-----------------------------|---|---|
| | £ | £ | £ | £ | £ |
| Management Charge to Subsidiary | <u>29,465</u> | <u>29,465</u> | <u>29,465</u> | - | - |
| Total From Other Activities | <u>29,465</u> | <u>29,465</u> | <u>29,465</u> | - | - |
| 2020 | <u>29,000</u> | <u>29,000</u> | <u>29,000</u> | - | - |

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

| | 2021 £ | 2020 £ |
|---|----------------|----------------|
| 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>77,953</u> | <u>76,802</u> |
| Pension contributions made on behalf on Officers with emoluments greater than £60,000 | <u>7,795</u> | <u>7,672</u> |
| Total emoluments payable to the Group Chief Executive and Secretary | <u>85,748</u> | <u>84,474</u> |
| Total emoluments paid to key management personnel (including pension and social security costs) | <u>376,427</u> | <u>362,013</u> |

The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions and social security costs, over £60,000 was in the following ranges:-

| | Number | Number |
|---------------------|----------|----------|
| £60,001 to £70,000 | 1 | - |
| £70,001 to £80,000 | - | 1 |
| £90,001 to £100,000 | <u>1</u> | <u>-</u> |

6. EMPLOYEE INFORMATION

| | 2021 No. | 2020 No. |
|---|----------------|----------------|
| Average monthly number of full time equivalent persons employed during the year | <u>20</u> | <u>20</u> |
| Average total number of employees employed during the year | <u>21</u> | <u>21</u> |
| Staff costs were: | £ | £ |
| Wages and salaries | 789,944 | 768,714 |
| National insurance costs | 83,169 | 80,952 |
| Pension operating expense | 78,486 | 73,991 |
| | <u>951,599</u> | <u>923,657</u> |

Pension contributions are detailed in the pension note.

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2021 | 2020 |
|------------------------------|---------------|---------------|
| | £ | £ |
| On bank loans and overdrafts | <u>71,306</u> | <u>80,718</u> |

8. SURPLUS FOR THE YEAR

| | 2021 | 2020 |
|--|--------------|--------------|
| | £ | £ |
| Surplus For The Year is stated after charging/(crediting): | | |
| Depreciation - non-current assets | 1,080,217 | 1,066,825 |
| Gain on component disposals | (297) | (14,394) |
| Auditors' remuneration - audit services | 9,240 | 8,760 |
| Operating lease rentals - land & buildings | 30,000 | 30,000 |
| Operating lease rentals - other | <u>2,168</u> | <u>3,072</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)

| | 2021 | 2020 |
|-------------------------------------|----------------|-----------------|
| | £ | £ |
| Net interest on pension obligations | <u>(5,142)</u> | <u>(22,000)</u> |

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
 NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON-CURRENT ASSETS

| (a) Housing Properties | Housing Properties Held for Letting £ | Shared Ownership Completed £ | Total £ |
|------------------------|--|---------------------------------|-----------------------------|
| COST | | | |
| At 1 April 2020 | 49,472,485 | 388,217 | 49,860,702 |
| Additions | 60,036 | - | 60,036 |
| Disposals | (31,064) | - | (31,064) |
| | <u> </u> | <u> </u> | <u> </u> |
| At 31 March 2021 | 49,501,457 | 388,217 | 49,889,674 |
| | <u> </u> | <u> </u> | <u> </u> |
| DEPRECIATION | | | |
| At 1 April 2020 | 20,781,267 | 194,820 | 20,976,087 |
| Charge for Year | 1,053,910 | 6,082 | 1,059,992 |
| Disposals | (30,767) | - | (30,767) |
| | <u> </u> | <u> </u> | <u> </u> |
| At 31 March 2021 | 21,804,410 | 200,902 | 22,005,312 |
| | <u> </u> | <u> </u> | <u> </u> |
| NET BOOK VALUE | | | |
| At 31 March 2021 | 27,697,047 | 187,315 | 27,884,362 |
| | <u> </u> | <u> </u> | <u> </u> |
| At 31 March 2020 | 28,691,218 | 193,397 | 28,884,615 |
| | <u> </u> | <u> </u> | <u> </u> |

| Expenditure on Existing Properties | 2021 | | 2020 | |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <i>replacement</i> £ | <i>Improvement</i> £ | <i>replacement</i> £ | <i>Improvement</i> £ |
| Amounts capitalised | 60,036 | - | 1,640,513 | - |
| Amounts charged to the statement of | | 802,548 | | 893,741 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carry value of £2,419,619 (2020 - £8,036,625)

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

11. NON CURRENT ASSETS (continued)

| (b) Other tangible assets | Office Premises £ | Furniture & Equipment £ | Total £ |
|---------------------------|-------------------------|-------------------------------|----------------|
| COST | | | |
| At 1 April 2020 | 254,973 | 172,387 | 427,360 |
| Additions | 8,298 | 8,532 | 16,830 |
| Eliminated on disposals | - | - | - |
| At 31 March 2021 | <u>263,271</u> | <u>180,919</u> | <u>444,190</u> |
| DEPRECIATION | | | |
| At 1 April 2020 | 244,698 | 139,251 | 383,949 |
| Charge for year | 376 | 19,849 | 20,225 |
| Eliminated on disposals | - | - | - |
| At 31 March 2021 | <u>245,074</u> | <u>159,100</u> | <u>404,174</u> |
| NET BOOK VALUE | | | |
| At 31 March 2021 | <u>18,197</u> | <u>21,819</u> | <u>40,016</u> |
| At 31 March 2020 | <u>10,275</u> | <u>33,136</u> | <u>43,411</u> |

12. FIXED ASSET INVESTMENTS

| | 2021 £ | 2020 £ |
|-------------------------|------------|------------|
| 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.

| | 2021 | | 2020 | |
|------------------------------|----------------|-------------------------|----------------|-------------------------|
| | Reserves £ | Profit / (Loss) £ | Reserves £ | Profit / (Loss) £ |
| The New Tannahill Centre Ltd | <u>577,650</u> | <u>262,527</u> | <u>315,123</u> | <u>(39,816)</u> |

The Association is a tenant of The New Tannahill Centre and during the year the charity charged the Association £65,188 (2020: £65,188) in net rent and service charges and £9,657 (2020: £9,413) for the cost of a facility officer. The Association also charged the charity £29,456 for Board and finance support (2020: £29,000) and recharged £10,287 (2020: £10,985) for insurance and network costs. The Association also awarded grant funding of £68,869 to the charity during the year and owed the charity £62,683 for grants awarded to the charity.

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

| 13. RECEIVABLES | | |
|--|----------------|----------------|
| | 2021 | 2020 |
| | £ | £ |
| Gross arrears of rent & service charges | 214,645 | 188,791 |
| Less: Provision for doubtful debts | (125,000) | (100,000) |
| <i>Net arrears of rent and service charges</i> | 89,645 | 88,791 |
| Social housing grant receivable | - | - |
| Other receivables | 30,167 | 46,584 |
| Amounts due from group undertakings | 707 | 4,148 |
| | <u>120,519</u> | <u>139,523</u> |

| 14. CURRENT ASSET INVESTMENTS | | |
|--------------------------------------|----------------|----------------|
| | 2021 | 2020 |
| | £ | £ |
| Short term deposits | <u>390,295</u> | <u>640,350</u> |

| 15. CASH AND CASH EQUIVALENTS | | |
|--------------------------------------|------------------|------------------|
| | 2021 | 2020 |
| | £ | £ |
| Cash at bank and in hand | <u>2,635,592</u> | <u>1,174,278</u> |

| 16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR | | |
|--|----------------|----------------|
| | 2021 | 2020 |
| | £ | £ |
| Bank and other loans | 166,677 | 166,777 |
| Trade payables | 117,124 | 41,761 |
| Rent received in advance | 113,183 | 95,838 |
| Other taxation and social security | 21,417 | 20,712 |
| Amounts due to group undertakings | 62,683 | - |
| Accruals and deferred income | 64,830 | 185,792 |
| | <u>545,914</u> | <u>510,880</u> |

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

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

| | 2021 | 2020 |
|----------------------|-----------|-----------|
| | £ | £ |
| Bank and other loans | 1,984,413 | 2,149,997 |

18. DEBT ANALYSIS - BORROWINGS

| | 2021 | 2020 |
|---|------------------|------------------|
| | £ | £ |
| Bank and Other Loans | | |
| Amounts due within one year | 166,677 | 166,777 |
| Amounts due in one year or more but less than two years | 167,719 | 118,118 |
| Amounts due in two years or more but less than five years | 501,585 | 360,617 |
| Amounts due in more than five years | 1,315,109 | 1,671,262 |
| | <u>2,151,090</u> | <u>2,316,774</u> |

The Association has a number of bank and other 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 | 80 | 1.8% | 2036 | Variable |
| Royal Bank of Scotland | 80 | 6.9% | 2036 | Fixed |
| Royal Bank of Scotland | 80 | 3.0% | 2036 | Fixed |
| Scottish Government | - | 0.0% | 2025 | 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 2021 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 23 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.

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

| | 2021 | 2020 |
|--|-----------|-----------|
| | £ | £ |
| Fair value of plan assets | 5,657,000 | 5,081,000 |
| Present value of defined benefit obligation | 6,242,000 | 5,065,000 |
| Surplus / (deficit) in plan | (585,000) | 16,000 |
| Unrecognised surplus | - | (16,000) |
| Defined benefit asset / (liability) to be recognised | (585,000) | - |

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 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

| | 2021 | 2020 |
|--|------------------|------------------|
| | £ | £ |
| Defined benefit obligation at the start of period | 5,065,000 | 5,708,000 |
| Expenses | 5,000 | 5,000 |
| Interest expense | 119,000 | 132,000 |
| Actuarial losses / (gains) due to scheme experience | 5,000 | 33,000 |
| Actuarial losses / (gains) due to changes in demographic assumptions | - | (31,000) |
| Actuarial losses / (gains) due to changes in financial assumptions | 1,133,000 | (640,000) |
| Benefits paid and expenses | (85,000) | (142,000) |
| Defined benefit obligation at the end of period | <u>6,242,000</u> | <u>5,065,000</u> |

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

| | 2021 | 2020 |
|---|------------------|------------------|
| | £ | £ |
| Fair value of plan assets at start of period | 5,081,000 | 4,692,000 |
| Interest income | 121,000 | 110,000 |
| Experience on plan assets (excluding amounts included in interest income) - gain / (loss) | 380,000 | 250,000 |
| Contributions by the employer | 160,000 | 171,000 |
| Benefits paid and expenses | (85,000) | (142,000) |
| Fair value of plan assets at the end of period | <u>5,657,000</u> | <u>5,081,000</u> |

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £501,000.

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 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

| | 2021 | 2020 |
|---|--------------|---------------|
| | £ | £ |
| Current service cost | - | - |
| Expenses | 5,000 | 5,000 |
| Net interest expense | - | 22,000 |
| | <u>5,000</u> | <u>27,000</u> |
| Defined benefit costs recognised in the Statement of Comprehensive Income | <u>5,000</u> | <u>27,000</u> |

Defined benefit costs recognised in the other comprehensive income

| | 2021 | 2020 |
|---|------------------|----------------|
| | £ | £ |
| Experience on plan assets (excluding amounts included in interest income) - gain / (loss) | 380,000 | 250,000 |
| Experience gains and losses arising on plan liabilities - gain / (loss) | (5,000) | (33,000) |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain / (loss) | - | 31,000 |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss) | (1,133,000) | 640,000 |
| | <u>(758,000)</u> | <u>888,000</u> |
| Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss) | <u>(758,000)</u> | <u>888,000</u> |
| Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss) | 18,000 | (16,000) |
| | <u>(740,000)</u> | <u>872,000</u> |
| Total amount recognised in other comprehensive income - gain / (loss) | <u>(740,000)</u> | <u>872,000</u> |

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

| Assets | 2021 | 2020 | 2019 |
|-------------------------------|------------------|------------------|------------------|
| | £ | £ | £ |
| Absolute Return | 279,000 | 312,000 | 397,000 |
| Alternative Risk Premia | 227,000 | 407,000 | 262,000 |
| Corporate Bond Fund | 427,000 | 371,000 | 329,000 |
| Credit Relative Value | 163,000 | 122,000 | 81,000 |
| Distressed Opportunities | 193,000 | 93,000 | 80,000 |
| Emerging Markets Debt | 228,000 | 181,000 | 150,000 |
| Fund of Hedge Funds | - | - | 13,000 |
| Global Equity | 875,000 | 699,000 | 755,000 |
| Infrastructure | 316,000 | 300,000 | 197,000 |
| Insurance-Linked Securities | 118,000 | 136,000 | 122,000 |
| Liability Driven Investment | 1,360,000 | 1,338,000 | 1,669,000 |
| Long Lease Property | 131,000 | 124,000 | 57,000 |
| Net Current Assets | 42,000 | 38,000 | 5,000 |
| Over 15 Year Gilts | 3,000 | 64,000 | 121,000 |
| Private Debt | 133,000 | 101,000 | 61,000 |
| Property | 101,000 | 95,000 | 93,000 |
| Risk Sharing | 202,000 | 161,000 | 136,000 |
| Secured Income | 311,000 | 282,000 | 164,000 |
| Opportunistic Illiquid Credit | 145,000 | 124,000 | - |
| Liquid Credit | 98,000 | 133,000 | - |
| Total assets | 5,352,000 | 5,081,000 | 4,692,000 |

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

Key Assumptions

| | 2021 | 2020 | 2019 |
|-----------------|------|------|------|
| Discount Rate | 2.2% | 2.4% | 2.3% |
| Inflation (RPI) | 3.3% | 2.6% | 3.3% |
| Inflation (CPI) | 2.9% | 1.6% | 2.3% |
| Salary Growth | 3.9% | 2.6% | 3.3% |

Allowance for commutation of pension for cash at retirement 75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

| | Life expectancy at age 65 years (years) |
|-------------------------|---|
| Male retiring in 2020 | 21.5 |
| Female retiring in 2020 | 23.4 |
| Male retiring in 2040 | 22.8 |
| Female retiring in 2040 | <u>25</u> |

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS (continued)

20. DEFERRED INCOME

| | Social Housing Grants £ | Total £ |
|--------------------------------|----------------------------------|-------------------|
| Capital grants received | | |
| At 1 April 2020 | 32,594,243 | 32,594,243 |
| Eliminated on disposal | (27,137) | (27,137) |
| At 31 March 2021 | <u>32,567,106</u> | <u>32,567,106</u> |
| Amortisation | | |
| At 1 April 2020 | 18,206,023 | 18,206,023 |
| Amortisation in year | 672,280 | 672,280 |
| Eliminated on disposal | (26,857) | (26,857) |
| At 31 March 2021 | <u>18,851,446</u> | <u>18,851,446</u> |
| Net book value | | |
| At 31 March 2021 | <u>13,715,660</u> | <u>13,715,660</u> |
| At 31 March 2020 | <u>14,388,220</u> | <u>14,388,220</u> |

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

| | 2021 £ | 2020 £ |
|-----------------------------------|-------------------|-------------------|
| Amounts due within one year | 672,280 | 678,918 |
| Amounts due in more than one year | 13,043,380 | 13,709,302 |
| | <u>13,715,660</u> | <u>14,388,220</u> |

21. SHARE CAPITAL

| | 2021 £ | 2020 £ |
|---|-----------|-----------|
| Shares of £1 each, issued and fully paid | | |
| At 1 April | 85 | 83 |
| Issued in year | - | 2 |
| Cancelled in year | (1) | - |
| | <u>84</u> | <u>85</u> |
| At 31 March | <u>84</u> | <u>85</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 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

22. CASH FLOWS

Reconciliation of net cash flow to movement in net funds

| | £ | 2021 £ | £ | 2020 £ |
|-----------------------------------|-----------|----------------|-------------|------------------|
| Increase / (decrease) in cash | 1,461,314 | | (1,520,532) | |
| Change in liquid resources | (250,055) | | 389,121 | |
| Cashflow from change in net debt | 165,684 | | (162,135) | |
| Movement in net funds in the year | | 1,376,943 | | (1,293,546) |
| Net funds at 1 April | | (502,146) | | 791,400 |
| Net funds at 31 March | | <u>874,797</u> | | <u>(502,146)</u> |

| <i>Analysis of changes in net funds</i> | At 01 April 2020 £ | Cashflows £ | Other Changes £ | At 31 March 2021 £ |
|---|--------------------------|------------------|-----------------------|--------------------------|
| Cash and cash equivalents | 1,174,278 | 1,461,314 | - | 2,635,592 |
| Bank overdrafts | - | - | - | - |
| | <u>1,174,278</u> | <u>1,461,314</u> | <u>-</u> | <u>2,635,592</u> |
| Liquid resources | 640,350 | (250,055) | - | 390,295 |
| Debt: Due within one year | (166,777) | 165,684 | (165,584) | (166,677) |
| Due after more than one year | (2,149,997) | - | 165,584 | (1,984,413) |
| Net funds | <u>(502,146)</u> | <u>1,376,943</u> | <u>-</u> | <u>874,797</u> |

23. CAPITAL COMMITMENTS

| | 2021 £ | 2020 £ |
|--|---------------|----------------|
| Capital Expenditure that has been contracted for but has not been provided for in the financial statements | <u>18,416</u> | <u>169,775</u> |

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

| | 2021 £ | 2020 £ |
|---|--------------|--------------|
| At the year end, the total minimum lease payments under non-cancellable operating leases were as follows: | | |
| Other | | |
| Expiring in the next year | - | 405 |
| Expiring later than one year and not later than five years | <u>7,836</u> | <u>3,787</u> |

FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 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 £0 (2020 - £36) 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:- | 2021 No. | 2020 No. |
|--|-------------|-------------|
| General needs | 804 | 804 |
| Shared ownership | 6 | 6 |
| | <u>810</u> | <u>810</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:

| | 2021 £ | 2020 £ |
|--|---------------|--------------|
| Rent received from tenants on The Board of Management and their close family members | <u>12,900</u> | <u>9,552</u> |

At the year end total rent arrears owed by the tenant members on The Board of Management (and their close family) were £298 (2020 - £46).

| | | |
|--|---|---|
| Members of The Board of Management who are tenants | 3 | 2 |
| Members of The Board of Management who are local authority employees | - | 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.