

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

Registered Housing Association No. HCB166

Financial Services Authority No. 2171R(S)

Scottish Charity No SC 035589

BAKER TILLY UK AUDIT LLP
Chartered Accountants

Glasgow

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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Registration Particulars:

Financial Conduct Authority	Industrial and Provident Societies Act 1965 Registered Number 2171R(S)
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number HCB166
Scottish Charities	Charities and Trustee Investment (Scotland) Act 2005 Scottish Charity Number SC 035589

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2013

The Committee of Management present their report and audited financial statements for the year ended 31 March 2013.

Principal activity

The principal activity of the Association is the provision of housing for let at rents affordable to the client groups for whom it intends to provide.

The Association also has a wholly owned subsidiary, Paisley South Property Services Limited, whose principal activity is providing a factoring service.

Business review

Paisley South made a surplus of £1,263,715 during the year (2012 £823,061).

Despite the continued investment in planned maintenance, the Association is in a satisfactory financial position with £1,727,520 deposited as cash funds. We have allocated substantial funds over the next two years to meet our commitments under the Scottish Housing Quality Standards. Cash surpluses will continue to be made, although depleted and so we have in place a £0.5m overdraft to account for timing of major replacements and expected effects of welfare reform.

The Association hopes to achieve on-going efficiencies through joint EU Procurement with IFLAIR of maintenance related contracts.

Surplus for the year and transfers

The results for the year are shown in the Income and Expenditure Account on page 15.

Transfers to/(from) designated reserves:

	£
Major Repairs Reserve	(3,739,047)
Westerfield House repairs reserve	4,502
Westerfield House void reserve	2,756
31 Argyle Street repairs reserve	1,716
Transfer to revenue reserve	4,993,788
Result for the year ending 31 March 2013	1,263,715

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2013

(Continued)

Members of Committee of Management

The Members of the Committee of the Association during the year to 31 March 2013 were as follows:

James Weir (Chairperson)	Janette Davies (Vice Chairperson)
Eileen Graham (Secretary)	Hendricus Van Der Aar (Resigned Dec 2012)
Sandra Loney	John Sweeney
Allan McCulloch	Karen McMillan
Catherine Smith (Resigned Sept 2012)	Jim Grant
Hugues Tankeu (Appointed Sept 2012)	David Jack (Appointed Sept 2012)
Councillor Eddie Devine (Resigned Jun 2012)	Councillor Roy Glen (Appointed Jun 2012)
Councillor Mairi McGurk (Resigned Jun 2012)	Councillor Paul Mack (Appointed Jun 2012)

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

Executive Officers

The Executive Officers of Paisley South during the year to 31 March 2013 were as follows:

Kathleen McCutcheon	Director
Elaine Thomson	Depute Director/Technical Manager
Lorna Colville	Finance Manager
Lorna Gilroy	Housing Manager

Operational Review

1 Corporate Governance

Paisley South has a Committee of Management who are elected by the members of the Association (See below for details). It is the responsibility of the Committee to undertake the strategy, setting of policy and overall direction for the Association. They also monitor the operational activities of the Association. The members of the Committee of Management are unpaid.

The Executive Team of Paisley South (as listed above) are responsible for achieving the strategy set, and undertaking the operational activities in line with the policies set.

Our governing body is our Committee of Management, which is responsible to the wider membership. Committee of Management members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work. We take governance very seriously, and in the last year we continued to build on work from previous years which strengthened our governance arrangements.

This report details issues that have arisen during the year relating to the main activities undertaken by Paisley South.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2013

(Continued)

2 Corporate Issues

Tenant involvement and participation is a major part of Paisley South's Aims and Objectives, and we continue to review how Paisley South involves tenants in its activities.

Best use of resources

We have continued with a programme of major investment in our housing stock, which is by far our most costly asset. We are continually updating our stock condition information, to ensure that our long-term financial planning reflects our future investment requirements. We also look for efficiencies and economies in the way that we carry out business processes.

Services

We aim to deliver high quality services and continue to review our front line service to customers to further improve this service. In our housing stock, we moved ahead with some major repairs that had become necessary and continued to deliver many completed adaptations to existing properties, to meet the specific needs of our tenants.

3 Development Issues

We have spent £0.75m (2012 - £0.86m) during the year just completed, of which £0.02m (2012 – £nil) was funded by grants. This was mainly spent on the purchase of a Mortgage to Rent Property as well as kitchens and central heating.

4 Housing Issues

Paisley South has been working on ways of reducing the period of time taken to re-let or let new properties, to ensure that we maximise our effectiveness in housing people in need and reduce our costs. The rent loss due to empty properties was £24,819 (2012 - £34,124). This was mainly due to the works required to make the void properties ready to let and tenant transfers within our stock.

We have also continued to invest in resources efficiently to assist us to reduce the level of rent arrears through working with tenants earlier in the process to minimise the level of arrears and debts written off while assisting tenants to maintain their tenancies.

We spent a significant sum (£0.565m) during 2012/13 replacing kitchens in our LSVT stock plus £0.096m was spent on replacing older electric heating systems with gas heating systems. This spend has been capitalised on the balance sheet as an asset, as per our component accounting policy. The remaining spend (£0.043m) has been recognised in the Income and Expenditure Account.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2013

(Continued)

5 Other Areas

Risk Management Policy

The Committee have a formal risk management process in place to assess business risks and implement risk management strategies. This involves identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Committee continue to review the adequacy of the Association's current internal controls.

The Risk Management Policy and associated documents aim to cover the following:

- consideration of the type of risks the Association faces.
- the level of risks which they regard as acceptable.
- the likelihood of the risks concerned materialising.
- the Association's ability to reduce the incidence and impact on the business of risks that do materialise; and ensuring the costs of operating particular controls are relative to the benefit obtained.
- the responsibility of management to implement the Committee's policies and to identify and evaluate risks for their consideration.
- communicating that employees have responsibility for internal control as part of their accountability for achieving objectives.
- embedding the control system in the Association's operations so that it becomes part of the culture of the Association.
- developing systems to respond quickly to evolving risks arising from factors within the Association to changes in the external environment.
- including procedures for reporting failings immediately to appropriate levels of management and the Committee together with details of corrective action being undertaken.

Employee Involvement

The Association encourages employee involvement in all major initiatives.

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Management Policy approved by the Committee of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

The Association, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2013, the Association has a mix of fixed and variable rate finance, which it considers appropriate at this time.

Maintenance policies

The Association seeks to maintain its properties to the highest standard. To this end, programmes of cyclical repairs are carried out to deal with the gradual and predictable deterioration of building components. It is expected that the cost of all these repairs would be charged to the Income and Expenditure account.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2013

(Continued)

In addition the Association has a long-term programme of planned repairs to cover for works which have become necessary, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. In line with the SORP 2010, replacements to building components (as identified in Note 1(h)(i)) are capitalised in the accounts as they occur.

Internal Financial Control

The Committee of Management is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures, which the Committee of Management has established with a view to providing effective internal financial control, are outlined on pages 11 and 12.

Management Structure

The Committee of Management has overall responsibility for the Association and within the various policies and procedures certain matters are specifically reserved for decision by the Committee.

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through the Director.

Budgetary Process

Each year the Committee of Management approves the annual budget and rolling five-year financial plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Committee of variances from the budget, updated forecasts for the year together with information on the key risk variances. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

Reserves Policy

As part of the medium term budget process the Committee members have reviewed the reserves of Paisley South. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of known future commitments. The Committee of Management is satisfied that the Association has a sufficient level of reserves to meet future commitments. During the year the Association's general reserve increased from £3.013m to £8.007m (see note 8).

The Association has three designated funds. The purpose of these funds is detailed in note 1(o) to the financial statements.

With the introduction of component accounting, the Association has transferred its Major Repairs Reserve to the General Reserve.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2013

Sales of housing properties

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements. One property was sold during 2012/2013.

Investment Appraisal

Capital expenditure is regulated by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Committee. Reviews are carried out during the development period, to monitor expenditure and performance.

Rental income

The Association's Rent Policy was reviewed in March 2010. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. Rents are reviewed annually to ensure that the rental income covers the required costs. This policy follows the generally accepted practice/principles of the Housing Movement.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the Association may continue.

Future Developments

Subject to availability of funding the Association is committed to an on-going programme of new developments in particular tenemental rehabilitation.

Going Concern

The Committee of Management has reviewed the results for this year and has also reviewed the projections for the next five years. It, therefore, has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in these financial statements.

Information for auditors

As far as the Committee members are aware there is no relevant audit information of which the auditors are unaware and the Committee members have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to ensure that the auditors are aware of any such information.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2013

(Continued)

Auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Committee of Management



Eileen Graham
Secretary

Address: 64 Espedair Street
Paisley
PA2 6RW
Date: 1/8/13

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

STATEMENT OF COMMITTEE RESPONSIBILITIES

YEAR ENDED 31 MARCH 2013

The Committee of Management is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under the legislation relating to Industrial and Provident Societies the Committee of Management are required 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 of that period. In preparing those financial statements the Committee of Management are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the RSL SORP;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Committee of Management is also responsible for:

- keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the RSL and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Act 1965 to 2002, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements April 2012;
- safeguarding the Association's assets; and
- taking reasonable steps for the prevention and detection of fraud.

The Committee of Management confirm that the financial statements comply with the above requirements.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

YEAR ENDED 31 MARCH 2013

The Committee of Management acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments 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; and
- the safeguarding of assets (against unauthorised use or disposition).

It is the Committee 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 mis-statement or loss. Key elements include ensuring that;

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- experienced and suitably qualified staff take responsibility for important business functions; annual appraisal procedures have been established to maintain standards of performance.
- forecasts and budgets are prepared regularly which allow the Committee of Management and staff to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term. Regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- the Committee of Management review reports from the director, staff and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association. During 2012/13 an internal audit of rent arrears took place. Also quarterly Risk Management reports were presented to Committee by staff.
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT'S STATEMENT ON INTERNAL FINANCIAL CONTROL

YEAR ENDED 31 MARCH 2013

(Continued)

The Committee of Management have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2013 and until the below date. No weaknesses were found in internal financial controls which resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Committee of Management



Date: 1/8/2013

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Paisley South Housing Association for the year ended 31 March 2013 on pages 14 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. 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.

Respective responsibilities of the Committee and auditor

As explained more fully in the Committee's Responsibilities Statement set out on page 10, the Committee are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2013 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements April 2012.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements 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.

Baker Tilly UK Audit LLP

Baker Tilly UK Audit LLP
Statutory Auditors
Chartered Accountants
274 Sauchiehall St
Glasgow, G2 3EH

Date: *6/8/13*

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013	2012
		£	£
Turnover	2	4,532,109	4,566,348
Less: Operating costs	2	<u>2,895,163</u>	<u>3,477,396</u>
Operating surplus	2	1,636,946	1,088,952
(Loss)/Profit on disposal of fixed assets	4	(2,213)	-
Interest receivable		12,843	7,733
Interest payable and other charges	5	(389,931)	(278,843)
Other Income	6	<u>6,070</u>	<u>5,219</u>
Surplus on ordinary activities before tax		1,263,715	823,061
Taxation on surplus on ordinary activities	7	<u>-</u>	<u>-</u>
Surplus for year		<u>1,263,715</u>	<u>823,061</u>

The results for the year relate wholly to continuing activities.

There are no other gains or losses in 2012 or 2013 other than the surplus above.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

BALANCE SHEET

AS AT 31 MARCH 2013

	Notes	2013		2012
		£	£	£
Tangible Fixed Assets				
Housing properties				
-gross cost less depreciation	9	64,860,727		64,751,137
Less: HAG	9	(49,493,172)		(49,611,964)
		15,367,555		15,139,173
Other Assets	9	138,361		160,228
		15,505,916		15,299,401
Investments	21	2		2
		15,505,918		15,299,403
Current Assets				
Debtors	10	442,964		480,444
Cash at hand and in bank		1,727,520		1,256,994
		2,170,484		1,737,438
Current Liabilities				
Creditors due within one year	11	(1,244,177)		(1,437,289)
Net current assets				
		926,307		300,149
		16,432,225		15,599,552
Creditors due after more than one year	12	(8,385,750)		(8,816,765)
		8,046,475		6,782,787
Capital and Reserves				
Share capital	16	79		106
Designated reserves	8a	39,605		3,769,678
Revenue reserves	8b	8,006,791		3,013,003
		8,046,475		6,782,787

These financial statements were approved by the Committee of Management and authorised for issue on 29 July 2013 and signed on their behalf by:

Secretary

E. Graham

Member

John Swearing

Member

R. McNilla

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR TO 31 MARCH 2013

	Notes	2013	2012
		£	£
Net cash inflow from operating activities	15a	2,186,043	<u>1,515,691</u>
Returns on investments and servicing of finance			
Interest received		12,843	7,733
Interest paid		<u>(389,931)</u>	<u>(278,843)</u>
		<u>(377,088)</u>	<u>(271,110)</u>
Taxation			
Corporation tax paid		-	-
Net cash (outflow)/inflow on taxation		<u>-</u>	<u>-</u>
Capital Expenditure and Investing activities			
Cash paid for construction and purchases		(748,978)	(1,921,547)
Housing association grant received		22,621	(5,359)
Sales of housing properties		-	-
Grants repaid		-	-
Purchase of other fixed assets		(17,200)	(44,676)
Other Income		<u>6,070</u>	<u>5,219</u>
Net cash (outflow) from investing activities		<u>(737,487)</u>	<u>(1,966,363)</u>
Net cash inflow/(outflow) before financing		1,071,468	(721,782)
Financing			
(Decrease)/Increase in overdrafts		-	(822,525)
Loan received		-	1,877,000
Loan principal repayments		(600,946)	(640,674)
Increase in share capital		<u>4</u>	<u>17</u>
Net cash inflow from financing		<u>(600,942)</u>	<u>413,818</u>
Increase/(Decrease) in cash and cash equivalents		<u>470,526</u>	<u>(307,964)</u>

Further details are given in note 15

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

1. Accounting Policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in the paragraphs below. The Association is incorporated under the Industrial and Provident Societies Act 1965 and is registered with The Financial Conduct Authority. The accounts have been prepared under the historical cost convention, and in compliance with the Determination of Accounting Requirements April 2012 and the Statement of Recommended Practice (SORP) updated 2010 and applicable Accounting Standards.

(b) Going Concern

The Committee of Management has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the Financial Statements.

(c) Consolidation

The Association and its subsidiary undertaking comprise a group. The Financial Conduct Authority has granted exemption from preparing group financial statements due to the immateriality of the subsidiary's results. The accounts represent the results of the Association and not of the group.

(d) Turnover

Turnover represents rental income receivable from tenants, development administration and other income. It also includes sales of any first tranche shared ownership and the sale of shared equity properties if applicable. Paisley South Housing Association has had no such sales during this financial year.

(e) Apportionment of management expenses

Direct employee administration and operating costs have been apportioned to the Income and Expenditure account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in those accounts.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Continued)

(f) **Lease obligations**

Rentals paid under operating leases are charged to the Income and Expenditure account on the accruals basis.

(g) **Pension Fund**

The Association participates in the centralised Defined Benefit Scottish Housing Associations' Pension Scheme (SHAPS) and retirement benefits to employees of the Association are funded by contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

The expected cost to the Association of pensions is charged to the Income and Expenditure Account so as to spread the cost of pensions over the service lives of the employees.

(h) **Fixed assets - Housing land and buildings** (note 9)

Properties included in housing properties are stated at cost less social housing grant and other public grants and less accumulated depreciation. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings
- (ii) development expenditure including applicable overheads
- (iii) interest charged on the loans raised to finance the scheme

These costs are termed "qualifying costs" for approved Scottish Housing Grant (SHG) schemes or are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

The only development staff the Association currently employs is a Clerk of Works. The Association uses a development agent service to deliver its development programme. The costs applicable only to development are capitalised.

If expenditure does not qualify for SHG, it is nevertheless capitalised.

Expenditure on schemes, which are subsequently aborted, is written off in the year in which it is recognised that the scheme will not be developed to completion.

Interest on the loan financing the development is capitalised up to the relevant date of scheme completion.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013
(Continued)

Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Income and Expenditure account.

(i) Depreciation

(i) Housing Properties

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows;

Item	Depreciation Period	Item	Depreciation Period
Land	Not depreciated	Door Entry	Over 30 years
Structure	Over 50 years	Kitchen	Over 15 years
Roofs	Over 50 years	Heating - Boilers	Over 14 years
Bathroom	Over 30 years	Heating - Radiators	Over 28 years
Windows	Over 30 years	Lifts	Over 30 years
Electrics	Over 30 years		

Property under construction is not depreciated.

(ii) Other fixed assets

The Association's assets are written off evenly over their expected useful lives as follows:

Office premises	-	4% straight line
Furniture & equipment	-	20% straight line

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Continued)

(j) **Housing Association Grants/Scottish Housing Grant**

Housing Association Grants (HAG) are utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount, which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost (note 1(h)) of the scheme in accordance with instructions issued from time to time. HAG and other grants are repayable under certain circumstances. These include the disposal of the properties to which the grants relate.

(k) **Impairment of fixed assets**

The Association depreciates its housing assets over 50 years or less, therefore no revaluation of housing stock is required to assess impairment.

Annually the Management will consider if there has been any significant changes in the housing stock that would warrant an impairment review.

(l) **Sale of housing properties**

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale, including first tranche sales as per SORP. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

(m) **Mortgages**

Mortgage loans are advanced by private lenders under the terms of the individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments, which have been given approval for Housing Association Grant or for properties approved through the Mortgage to Rent scheme

(n) **Finance**

The financial statements have been prepared on the basis that the capital expenditure referred to in note 9 will be grant aided, funded by loan, met out of reserves or from proceeds of sales.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Continued)

(o) **Designated reserves - reserves for planned maintenance (note 8)**

Future planned maintenance expenditure, being the Association's commitment to undertake planned repairs to its properties, is set aside in a designated reserve to the extent that it is not met from HAG. This includes a designation for Westerfield House for the replacement of additional items charged as a service charge over and above normal planned repairs and a designation for the return of an office to 2 flats, at 31 Argyle Street after the tenancy lease ends.

The designated Major Repairs Reserve was based on the liability to maintain housing properties in a state of repair which at least maintains their residual values. As these components are now capitalised no further reserve is required.

A separate provision is also made for void loss at Westerfield House, which it has been agreed with Renfrewshire Council, would fund the lengthy void loss periods due to the specific client group at that development.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Continued)

2. Particulars of turnover, operating costs and operating surplus or deficit from social letting activities

	Turnover £	Operating Costs £	Operating Surplus/ (Deficit) £	2012 Total £
Income and expenditure from letting – note 3a	4,529,615	2,831,442	1,698,173	1,123,432
Other income and expenditure – note 3b	2,494	63,721	(61,227)	(34,480)
	<u>4,532,109</u>	<u>2,895,163</u>	<u>1,636,946</u>	<u>1,088,952</u>
2012	<u>4,566,348</u>	<u>3,477,396</u>	<u>1,088,952</u>	

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Continued)

3a. Particulars of Income and Expenditure from Lettings

	General Needs Housing £	Shared Ownership £	2013 Total £	2012 Total £
Income from lettings				
Rent receivable net of Identifiable Service Charges	4,308,349	5,341	4,313,690	3,979,799
Service charges receivable	161,461	-	161,461	110,526
Gross Rents Receivable	4,469,810	5,341	4,475,151	4,090,325
Less: Rent Losses from Voids	(25,874)	-	(25,874)	(34,124)
Net Rents Receivable	4,443,936	5,341	4,449,277	4,056,201
Revenue Grants from Scottish Ministers	80,338	-	80,338	2,828
Total Income from Lettings	4,524,274	5,341	4,529,615	4,059,029
Expenditure on Letting Activities				
Services	139,827	-	139,827	71,928
Management and maintenance administration costs	1,268,679	9,456	1,278,135	1,207,616
Reactive Maintenance Costs	623,603	-	623,603	746,055
Planned and Cyclical Maintenance	241,529	-	241,529	401,654
Rent losses from bad debts	52,586	-	52,586	55,571
Depreciation	495,410	352	495,762	452,773
Total Expenditure on Lettings	2,821,634	9,808	2,831,442	2,935,597
Operating Surplus on Letting Activities	1,702,640	(4,467)	1,698,173	1,123,432
2012	1,122,596	836	1,123,432	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £44,154 (2012 - £44,154). A separate charge is made for service charges.

There is no other accommodation except for General Needs and Shared Ownership.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2013
(Continued)

3b – Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating costs – bad debts	Other operating costs	Operating (deficit)	2012
	£	£	£	£	£	£	£	£	£
Wider action/wider role	-	-	-	-	-	-	25,535	(25,535)	(20,870)
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development activities	-	2,494	-	-	-	-	38,186	(35,692)	(13,610)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments and improvements for sale, (including first tranche shared ownership sales) to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	-	-	-	-	-	-
Total from other activities	-	2,494	-	-	-	-	63,721	(61,227)	(34,480)
2012	37,067	6,252	-	464,000	507,319	-	541,799	(34,480)	

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Continued)

	2013 £	2012 £
4. Sales of Housing Properties		
Sale proceeds	20,000	-
Cost of sales	22,213	-
(Loss) on disposal	<u>(2,213)</u>	<u>-</u>

The sales of housing properties in 2012/13 have occurred under the right to buy legislation and sale of decant properties. Also included within these figures is £2,213 being the write off from the balance sheet of central heating in decant properties now sold.

	2013 £	2012 £
5. Interest Payable and Other Charges		
Total interest payable	389,931	303,580
Less: Interest capitalised	-	(24,737)
Interest payable recognised in Income and Expenditure account	<u>389,931</u>	<u>278,843</u>

6. Other Income

Other income of £6,070 consists of £1,544 which is the gifting of 2011/12 profit of its subsidiary, Paisley South Property Services, to Paisley South Housing Association and £4,526 which is the provision of Clerk of Work Services to New Gorbals HA.

7. Taxation

The Association was formally recognised as a recognised Scottish charity on 6th May 2004, and as such is exempt from tax on its charitable activities.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

**AS AT 31 MARCH 2013
(Continued)**

8. Reserves
a) Designated Reserve

	At 31 March 2012	Transfer From/(to) Revenue Reserve	Transfer Between Reserves	At 31 March 2013
	£	£	£	£
Major repairs reserve	3,739,047	(3,739,047)	-	-
Westerfield repairs reserve	14,664	4,502	-	19,166
Westerfield void reserve	12,268	2,756	-	15,024
31 Argyle Street Reserve	3,699	1,716	-	5,415
	<u>3,769,678</u>	<u>(3,730,073)</u>	<u>-</u>	<u>39,605</u>

No restrictions are placed upon these reserves, but the Committee has designated their use for specific purposes as detailed in Note1(o).

It is anticipated:

- 1) The planned repairs in Westerfield House will take place in 2018.
- 2) The void reserve is used as required.
- 3) The reserve for 31 Argyle St will be spent when the support project comes to an end.

b) Revenue Reserves

	2013 £	2012 £
At 1 April	3,013,003	2,199,554
Surplus for year	1,263,715	823,061
Transfer from designated reserves	3,730,073	(9,612)
At 31 March	<u>8,006,791</u>	<u>3,013,003</u>

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 MARCH 2013
(Continued)

9. Tangible Fixed Assets

Cost	Housing Properties Held for Letting	Housing Properties In course of Construction	Completed Shared Ownership Properties	Total Housing Properties	Office Premises	Furniture Fittings & Equipment	Total
£	£	£	£	£	£	£	£
At 1 April 2012	67,879,080	281,252	78,140	68,238,472	290,473	125,909	68,654,854
Additions during year	748,978	-	-	748,978	-	17,200	766,178
Transfers	-	-	-	-	-	-	-
Disposals in year	(159,760)	-	-	(159,760)	-	-	(159,760)
At 31 March 2013	68,468,298	281,252	78,140	68,827,690	290,473	143,109	69,261,272

Housing Association Grant

At 1 April 2012	49,271,525	281,242	59,197	49,611,964	29,314	-	49,641,278
Additions during year	22,621	-	-	22,621	-	-	22,621
Repaid and abated during year	(141,413)	-	-	(141,413)	-	-	(141,413)
Transfers	-	-	-	-	-	-	-
At 31 March 2013	49,152,733	281,242	59,197	49,493,172	29,314	-	49,522,486

Depreciation

At 1 April 2012	3,482,935	-	4,400	3,487,335	153,433	73,406	3,714,174
Provided during year	495,410	-	352	495,762	10,446	28,622	534,830
Disposals	(16,134)	-	-	(16,134)	-	-	(16,134)
At 31 March 2013	3,962,211	-	4,752	3,966,963	163,879	102,028	4,232,870

Net book value

As at 31 March 2013	15,353,354	10	14,191	15,367,555	97,280	41,081	15,505,916
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As at 31 March 2012

	15,124,620	10	14,543	15,139,173	107,726	52,503	15,299,402
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PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Continued)

9. Tangible Fixed Assets (contd)

None of the Association's land or properties was held under a lease. Development administration costs capitalised amount to £nil (2012 - £66,300) for which £nil Housing Association Grant was received (2012 - £nil).

Of the total amount capitalised in the year for housing properties held for rent of £748,978 (2012 £1,061,024), £661,233 (2012 £1,058,652) related to replacement components and £87,745 (2012 £2,372) relates to property improvements.

Total major repair costs during the year were £0.704m (2012 £1.231m) of which £0.661m (2012 £1.059m), as mentioned above, have been capitalised.

	2013 £	2012 £
10. Debtors		
Amounts falling due within one year:		
Gross rent in arrears	227,263	248,365
Less bad debt provision	(98,011)	(100,203)
	<u>129,252</u>	<u>148,162</u>
Prepayments and accrued income	25,111	25,142
Balance due from group company	96,340	80,139
Other debtors	192,261	227,001
	<u>442,964</u>	<u>480,444</u>

	2013 £	2012 £
11. Creditors due within one year		
Loans (Note 12)	483,888	653,819
Trade creditors	247,784	240,089
PAYE and social security	19,184	17,675
Rent prepaid	183,712	199,241
Other creditors	214,566	170,385
Accruals and deferred income	95,043	156,080
	<u>1,244,177</u>	<u>1,437,289</u>

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013
(Continued)

	2013	2012
	£	£
12. Creditors due after more than one year		
Loans	<u>8,385,750</u>	<u>8,816,765</u>

Loans are secured by specific charges on the Association's properties and loans are repayable at current rates of interest ranging from 0.75% to 13% (2012 – 0.75% to 13%), due as follows:

In one year or less (Note 11)	483,888	653,819
Between one and two years	351,542	317,505
Between two and five years	746,350	678,840
In five years or more	<u>7,287,858</u>	<u>7,820,420</u>
	<u>8,869,638</u>	<u>9,470,584</u>

	2013	2012
	£	£
13. Employees		
Staff costs during year		
Wages and salaries	725,679	681,644
Social security costs	61,230	55,406
Pension costs	<u>118,171</u>	<u>117,690</u>
	<u>905,080</u>	<u>854,740</u>

The number of persons employed by the Association during the year were as follows:

	2013	2012
	Number	Number
Full time equivalent	<u>21</u>	<u>22</u>

The Directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Director or the Management Committee whose total emoluments exceed £60,000 per year. There is one member of staff whose emoluments exceed £60,000 per year, as noted below:

	2013	2012
	£	£
Aggregate Emoluments payable to Directors (including pension contributions and benefits in kind)	<u>67,383</u>	<u>65,603</u>
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>61,537</u>	<u>59,910</u>

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Continued)

	2013 £	2012 £
13. Employees (Cont'd)		
Total expenses reimbursed insofar as not chargeable to UK income Tax		
- Directors	<u>570</u>	<u>392</u>
- Committee of Management	<u>1,457</u>	<u>1,412</u>
<p>No member of the Committee of Management received any emoluments in respect of their services to the Association.</p>		
	2013 £	2012 £
14. Auditors' Remuneration		
The remuneration of the auditors (including expenses)		
Remuneration of the auditors for:		
- Audit services	9,110	8,761
- Other Services	-	2,496
	<u>9,110</u>	<u>11,257</u>

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Continued)

	2013	2012		
	£	£		
15. Notes to the Cash Flow Statement				
(a) Reconciliation of surplus to net cash inflow from operating activities				
Surplus for year	1,263,715	823,061		
Net interest payable	377,088	271,110		
Loss on Disposal of Fixed Assets	2,213	-		
Other Income	<u>(6,070)</u>	<u>(5,219)</u>		
Operating surplus for the year excluding interest	1,636,946	1,088,952		
Depreciation	534,830	522,860		
Cancelled share	(31)	(92)		
Decrease in debtors	37,480	373,860		
(Decrease) in creditors	<u>(23,182)</u>	<u>(469,889)</u>		
	<u>2,186,043</u>	<u>1,515,691</u>		
(b) Reconciliation of net cash flow to movement in net debt				
Increase /(Decrease) in cash for the year	470,526	(307,964)		
Decrease in overdraft	-	822,525		
Loans received	-	(1,877,000)		
Loan repayments	<u>600,946</u>	<u>640,674</u>		
Change in net debt	1,071,472	(721,765)		
Net debt as at 1 April 2012	<u>(8,213,591)</u>	<u>(7,491,826)</u>		
Net debt as at 31 March 2013	<u>(7,142,119)</u>	<u>(8,213,591)</u>		
(c) Analysis of Changes in net debt				
	At 31	Cash	Other	At 31
	March 2012	Flow	Changes	March 2013
	£	£	£	£
Cash at bank and in hand	1,256,993	470,526	-	1,727,519
Overdraft	-	-	-	-
Debt due within one year	(636,081)	169,931	-	(466,150)
Debt due after one year	(8,834,503)	431,015	-	(8,403,488)
	<u>(8,213,591)</u>	<u>1,071,472</u>	<u>-</u>	<u>(7,142,119)</u>

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Continued)

	2013 £	2012 £
16. Share Capital		
Shares of £1 fully paid and issued at 1 April	106	181
Shares issued during year	4	17
Shares written off in year	<u>(31)</u>	<u>(92)</u>
Shares issued at 31 March	<u>79</u>	<u>106</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.

	2013 £	2012 £
17. Capital Commitments		
Expenditure authorised by the Committee of Management and contracted	997,920	
Less certified	<u>(563,196)</u>	-
	<u>434,724</u>	<u>-</u>
To be funded as follows:		
HAG	-	-
Private Loan	-	-
Cash	<u>434,724</u>	<u>-</u>
	<u>434,724</u>	<u>-</u>

18. Contingent Liabilities

Housing Association Grant allocated to components (as detailed in Note 1 (i) (i)) that have subsequently been replaced by the Association are recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31 March 2013 was £1.411m (2012: £1.313m).

	2013 No	2012 No
19. Housing Stock		
The number of units in Management at 31 March 2013 was as follows:		
General Need	1,207	1,207
Shared ownership	2	2
Supported Accommodation	-	-
	<u>1,209</u>	<u>1,209</u>

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Continued)

20. Pension Commitments

Paisley South Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2009 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £295 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £160 million, equivalent to a past service funding level of 64.8%.

The Scheme Actuary has prepared an Actuarial Valuation that provides an update on the funding position of the Scheme as at 30 September 2012. The valuation update revealed an increase in the assets of the Scheme to £394 million and indicated an increase in the shortfall of assets compared to liabilities to £304 million, equivalent to a past service funding level of 56.4%.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis, i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Paisley South Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2012. As of this date the estimated employer debt for Paisley South Housing Association Limited was £3,570,041.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Continued)

The Association has been notified by the Pension Trust that the amount to be paid as its contribution towards the past service deficit for 2013/14 will be £70,635. The Association has also been notified by the Pension Trust that the Association's contribution towards the past service deficit will increase in 2014/15 to £127,242.

The additional contributions in relation to the past service deficit will be payable until September 2027. The amount payable is anticipated to increase by 3% per annum based on the past service deficit. This therefore equals a Net Present Value of £1,615,832.

The Scheme offers five benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted-in.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Paisley South Housing Association Limited has elected to operate the final salary with a 1/60th accrual rate benefit option for active members.

During the accounting period Paisley South Housing Association Limited paid contributions at the rate of 9.6% of pensionable salaries. Member contributions were at the rate 9.6%.

As at the balance sheet date there were 16 active members of the Scheme employed by Paisley South Housing Association Limited. The annual pensionable payroll in respect of these members was £532,417.

Paisley South Housing Association Limited continues to offer membership of the Scheme to its employees.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2009 Valuation Assumptions	% p.a.
Investment return pre retirement	7.4
Investment return post retirement - Non-pensioners	4.6
Investment return post retirement - Pensioners	4.8
Rate of salary increases	4.5
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.9
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	2.2
Rate of price inflation	3.0

Mortality Tables	
Non-pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement
Pensioners	SAPS (S1PA) All Pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2013

(Continued)

Contribution Rates for Future Service (payable from 1 April 2011)	%
Final salary 1/60ths	19.2
Career average revalued earnings 1/60ths	17.1
Career average revalued earnings 1/70ths	14.9
Career average revalued earnings 1/80ths	13.2
Career average revalued earnings 1/120ths	9.4
Additional rate for deficit contributions *	10.4

(* Expressed in nominal pound terms (for each employer) increasing each 1 April in line with the rate of salary increases assumption. Earnings as at 30 September 2009 are used as the reference point for calculating the additional contributions.)

21. Subsidiary Company

The Association has a subsidiary company Paisley South Property Services Limited. This company is intended to handle the activities that the Association cannot undertake due to its charitable status.

The company is a company limited by shares with two ordinary shares of £1 issued to the Association, and is registered in Scotland. The result for the company for the year was a profit of £36 (2012 - profit £589), after the gifting of last year's profit to Paisley South Housing Association, and having capital and reserves of £8,833 (2012 - £8,797) at 31 March 2013. A balance of £96,340 (2012 - £80,139) was owed from the subsidiary to the Association at 31 March 2013.

The Financial Conduct Authority has granted exemption from preparing group financial statements due to the immateriality of the subsidiary's results.

22. Related parties

Various members of the Management Committee are tenants of the Association. The transactions with the Association are all done on standard terms, as applicable to all tenants and they cannot use their position to their advantage.

2 members of the Management Committee are Councillors of and representatives of Renfrewshire Council. All transactions with Renfrewshire Council are made at arm's length, on standard terms applicable to all local Housing Associations. Councillors cannot use their position to their advantage.

23. Reconciliation of Funds

	2013 £	2012 £
At 1 April	6,782,787	5,959,801
Surplus for year	1,263,715	823,061
New Shares Issued	4	17
Shares Cancelled	(31)	(92)
Net Change in Funds	1,263,688	822,986
At 31 March	<u>8,046,475</u>	<u>6,782,787</u>