

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

Registered Housing Association No. HCB166

Financial Conduct 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 2014

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Registration Particulars:

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 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 2014

The Committee of Management present their report and audited financial statements for the year ended 31 March 2014.

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 £1,306,408 during the year (2013 £1,263,715).

Despite the continued investment in planned maintenance, the Association is in a satisfactory financial position with £2,423,623 deposited as cash funds and will continue with its planned maintenance plans to meet SHQS standard by 2015.

The Association hopes to achieve on-going efficiencies through continued 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:

	£
Westerfield House repairs reserve	4,643
Westerfield House void reserve	637
31 Argyle Street repairs reserve	1,715
Transfer to revenue reserve	1,299,413
Result for the year ending 31 March 2014	1,306,408

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2014

(Continued)

Members of Committee of Management

The Members of the Committee of the Association during the year to 31 March 2014 and to the date of this report were as follows:

John Sweeney (Chairperson)	James Weir (Vice Chairperson)
Eileen Graham (Secretary)	David Jack (Resigned June 14)
Sandra Loney	Councillor Roy Glen
Allan McCulloch	Councillor Paul Mack
Hugues Tankeu	Janette Davies(Resigned May13)
Karen McMillan	Jim Grant (Resigned Oct13)
Mairi MacLean	Barbara Brander (appointed May 14)
Gemma Thomson (appointed Aug 13, resigned Oct 13)	Rafal Czernizawski (appointed July 14)
Theo Mkuzi (appointed Aug 13, resigned Feb 14)	

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 2014 were as follows:

Kathleen McCutcheon	Director
Elaine Thomson	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 2014

(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 £0.72m (2013 - £0.75m) during the year just completed, of which £nil (2013 - £0.02m) was funded by grants. This was mainly spent on kitchens, windows 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 £48,259 (2013 - £24,819). 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.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2014

(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 2014, 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 2014

(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)) 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 £8.007m to £9.306m (see note 8).

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

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

REPORT OF COMMITTEE OF MANAGEMENT

31 MARCH 2014

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 2013/2014.

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 them 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 2014
(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:

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

STATEMENT OF COMMITTEE RESPONSIBILITIES

YEAR ENDED 31 MARCH 2014

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 Co-operative and Community Benefit Society 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 Co-operative and Community Benefit Societies Act 2014, 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 2014

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 2013/14 an internal audit of tenancy sustainment took place and the internal audit of reactive repairs commenced and will be completed during 14/15. 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 2014
(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 2014 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: 11/8/2014

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 2014 on pages 14 to 36. 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 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.

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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

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 2014 and of its income and expenditure for the year then ended; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, 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 Co-operative and Community Benefit Societies Act 2014 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 Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

Date: 14/9/14.....

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014	2013
		£	£
Turnover	2	4,640,524	4,532,109
Less: Operating costs	2	<u>3,044,746</u>	<u>2,895,163</u>
Operating surplus	2	1,595,778	1,636,946
(Loss) on disposal of fixed assets	4	(708)	(2,213)
Interest receivable		6,333	12,843
Interest payable and other charges	5	(296,575)	(389,931)
Other Income	6	<u>1,580</u>	<u>6,070</u>
Surplus on ordinary activities before tax		1,306,408	1,263,715
Taxation on surplus on ordinary activities	7	<u>-</u>	<u>-</u>
Surplus for year		<u>1,306,408</u>	<u>1,263,715</u>

The results for the year relate wholly to continuing activities.

There are no other gains or losses in 2013 or 2014 other than the surplus above.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

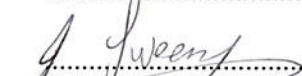
BALANCE SHEET

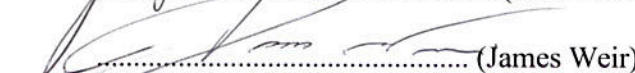
AS AT 31 MARCH 2014

	Notes	2014	2013
		£	£
Tangible Fixed Assets			
Housing properties			
-gross cost less depreciation	9	64,915,426	64,860,727
Less: HAG	9	(49,379,939)	(49,493,172)
		<u>15,535,487</u>	<u>15,367,555</u>
Other Assets	9	128,552	138,361
		<u>15,664,039</u>	<u>15,505,916</u>
Investments	21	2	2
		<u>15,664,041</u>	<u>15,505,918</u>
Current Assets			
Debtors	10	414,708	442,964
Cash at hand and in bank		<u>2,423,623</u>	<u>1,727,520</u>
		<u>2,838,331</u>	<u>2,170,484</u>
Current Liabilities			
Creditors due within one year	11	<u>(1,209,159)</u>	<u>(1,244,177)</u>
Net current assets		<u>1,629,172</u>	<u>926,307</u>
		<u>17,293,213</u>	<u>16,432,225</u>
Creditors due after more than one year	12	<u>(7,940,343)</u>	<u>(8,385,750)</u>
		<u>9,352,870</u>	<u>8,046,475</u>
Capital and Reserves			
Share capital	16	65	79
Designated reserves	8a	46,601	39,605
Revenue reserves	8b	<u>9,306,204</u>	<u>8,006,791</u>
		<u>9,352,870</u>	<u>8,046,475</u>

These financial statements were approved by the Committee of Management and authorised for issue on 28th July 2014 and signed on their behalf by:

Secretary  (Eileen Graham)

Member  (John Sweeney)

Member  (James Weir)

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT

YEAR TO 31 MARCH 2014

	Notes	2014	2013
		£	£
Net cash inflow from operating activities	15a	2,274,240	2,186,043
Returns on investments and servicing of finance			
Interest received		6,333	12,843
Interest paid		(296,575)	(389,931)
		<u>(290,242)</u>	<u>(377,088)</u>
Taxation			
Corporation tax paid		-	-
Net cash (outflow)/inflow on taxation		-	-
Capital Expenditure and Investing activities			
Cash paid for construction and purchases		(708,096)	(748,978)
Housing association grant received		-	22,621
Sales of housing properties		25,000	-
Grants repaid		(25,000)	-
Purchase of other fixed assets		(12,141)	(17,200)
Other Income		1,580	6,070
		<u>(718,657)</u>	<u>(737,487)</u>
Net cash (outflow) from investing activities		<u>(718,657)</u>	<u>(737,487)</u>
Net cash inflow before financing		1,265,341	1,071,468
Financing			
(Decrease)/Increase in overdrafts		-	-
Loan received		-	-
Loan principal repayments		(569,247)	(600,946)
Increase in share capital		9	4
		<u>(569,238)</u>	<u>(600,942)</u>
Net cash (outflow)from financing		<u>(569,238)</u>	<u>(600,942)</u>
Increase in cash and cash equivalents		<u>696,103</u>	<u>470,526</u>

Further details are given in note 15.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

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 Co-operative and Community Benefit Societies Act 2014 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, revenue grants and other income.

(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 2014

(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 2014

(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 2014

(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 an annual impairment review is not required. However, annually the Management will consider if there has been any significant changes in the housing stock that would indicate an impairment review is required.

(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 2014

(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 or is capitalised. 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 Association does not provide for planned maintenance expenditure that will be capitalised

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 2014

(Continued)

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

	Turnover £	Operating Costs £	Operating Surplus/ (Deficit) £	2013 Total £
Income and expenditure from letting – note 3a	4,640,524	3,027,765	1,612,759	1,698,173
Other income and expenditure – note 3b	-	16,981	(16,981)	(61,227)
	<hr/>	<hr/>	<hr/>	<hr/>
	4,640,524	3,044,746	1,595,778	1,636,946
	<hr/>	<hr/>	<hr/>	<hr/>
2013	4,532,109	2,895,163	1,636,946	
	<hr/>	<hr/>	<hr/>	

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

3a. Particulars of Income and Expenditure from Lettings

	General Needs Housing £	Shared Ownership £	2014 Total £	2013 Total £
Income from lettings				
Rent receivable net of Identifiable Service Charges	4,485,962	5,501	4,491,463	4,313,690
Service charges receivable	167,969	-	167,969	161,461
Gross Rents Receivable	<u>4,653,931</u>	<u>5,501</u>	<u>4,659,432</u>	<u>4,475,151</u>
Less: Rent Losses from Voids	(48,259)	-	(48,259)	(25,874)
Net Rents Receivable	<u>4,605,672</u>	<u>5,501</u>	<u>4,611,173</u>	<u>4,449,277</u>
Revenue Grants from Scottish Ministers	29,351	-	29,351	80,338
Total Income from Lettings	<u>4,635,023</u>	<u>5,501</u>	<u>4,640,524</u>	<u>4,529,615</u>
Expenditure on Letting Activities				
Services	166,401	-	166,401	139,827
Management and maintenance administration costs	1,370,377	9,214	1,379,591	1,278,135
Reactive Maintenance Costs	575,500	-	575,500	623,603
Planned and Cyclical Maintenance	322,016	-	322,016	241,529
Rent losses from bad debts	44,800	-	44,800	52,586
Depreciation	539,105	352	539,457	495,762
Total Expenditure on Lettings	<u>3,018,199</u>	<u>9,566</u>	<u>3,027,765</u>	<u>2,831,442</u>
Operating Surplus on Letting Activities	<u>1,616,824</u>	<u>(4,065)</u>	<u>1,612,759</u>	<u>1,698,173</u>
2013	<u>1,702,640</u>	<u>(4,467)</u>	<u>1,698,173</u>	

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £39,742 (2013 - £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 2014
(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)	2013
	£	£	£	£	£	£	£	£	£
Wider action/wider role	-	-	-	-	-	-	10,944	(10,944)	(25,535)
Care and repair	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development activities	-	-	-	-	-	-	6,038	(6,038)	(35,692)
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	-	-	-	-	-	-	16,981	(16,981)	(61,227)
2013	-	2,494	-	-	-	-	63,721	(61,227)	-

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014
(Continued)

	2014 £	2013 £
4. Sales of Housing Properties		
Sale proceeds	25,000	20,000
Cost of sales	25,708	22,213
(Loss) on disposal	<u>(708)</u>	<u>(2,213)</u>

The sales of housing properties in 2013/14 have occurred under the right to buy legislation and sale of decant properties. Also included within these figures is £708 being the write off from the balance sheet of central heating and windows where components have been replaced.

	2014 £	2013 £
5. Interest Payable and Other Charges		
Total interest payable	296,575	389,931
Less: Interest capitalised	-	-
Interest payable recognised in Income and Expenditure account	<u>296,575</u>	<u>389,931</u>

6. Other Income

Other income of £1,580 is the gifting of 2012/13 profit of its subsidiary, Paisley South Property Services, to Paisley South Housing Association.

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 2014

(Continued)

8. Reserves

a) Designated Reserve

	At 31 March 2013	Transfer From/(to) Revenue Reserve	Transfer Between Reserves	At 31 March 2014
	£	£	£	£
Westerfield repairs reserve	19,166	4,643	-	23,809
Westerfield void reserve	15,024	637	-	15,661
31 Argyle Street Reserve	5,415	1,716	-	7,131
	39,605	6,996	-	46,601

No restrictions are placed upon these reserves, but the Committee has designated their use for specific purposes as detailed in Note 1(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

	2014 £	2013 £
At 1 April	8,006,791	3,013,003
Surplus for year	1,306,408	1,263,715
Transfer (to)/from designated reserves	(6,995)	3,730,073
At 31 March	9,306,204	8,006,791

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 MARCH 2014
(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 2013	68,468,298	281,252	78,140	68,827,690	290,473	143,109	69,261,272
Additions during year	708,097	-	-	708,097	-	12,141	720,238
Transfers	-	-	-	-	-	-	-
Disposals in year	(123,527)	-	-	(123,527)	-	(43,518)	(167,045)
At 31 March 2014	69,052,868	281,252	78,140	69,412,260	290,473	111,732	69,814,465

Housing Association Grant

At 1 April 2013	49,152,733	281,242	59,197	49,493,172	29,314	-	49,522,486
Additions during year	-	-	-	-	-	-	-
Repaid and abated during year	(113,233)	-	-	(113,233)	-	-	(113,233)
Transfers	-	-	-	-	-	-	-
At 31 March 2014	49,039,500	281,242	59,197	49,379,939	29,314	-	49,409,253

Depreciation

At 1 April 2013	3,962,211	-	4,752	3,966,963	163,879	102,028	4,232,870
Provided during year	539,105	-	352	539,457	10,446	11,504	561,407
Disposals	(9,586)	-	-	(9,586)	-	(43,518)	(53,104)
At 31 March 2014	4,491,730	-	5,104	4,496,834	174,325	70,014	4,741,173

Net book value

As at 31 March 2014	15,521,638	10	13,839	15,535,487	86,834	41,718	15,664,039
As at 31 March 2013	15,353,354	10	14,191	15,367,555	97,280	41,081	15,505,916

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(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 (2013 - £nil) for which £nil Housing Association Grant was received (2013 - £nil).

Of the total amount capitalised in the year for housing properties held for rent of £708,097 (2013 £748,978), £727,836 (2013 £661,233) related to replacement components and (£19,739) (2013 £87,745) relates to property improvements.

Total major repair costs during the year were £0.799m (2013 £0.704m) of which £0.727m (2013 £0.661m), as mentioned above, have been capitalised.

	2014 £	2013 £
10. Debtors		
Amounts falling due within one year:		
Gross rent in arrears	221,367	227,263
Less bad debt provision	(107,330)	(98,011)
	<u>114,037</u>	<u>129,252</u>
Prepayments and accrued income	37,183	25,111
Balance due from group company	68,132	96,340
Other debtors	195,356	192,261
	<u>414,708</u>	<u>442,964</u>
	2014	2013
	£	£
11. Creditors due within one year		
Loans (Note 12)	360,048	483,888
Trade creditors	175,121	247,784
PAYE and social security	18,407	19,184
Rent prepaid	251,623	183,712
Other creditors	136,964	214,566
Accruals and deferred income	266,996	95,043
	<u>1,209,159</u>	<u>1,244,177</u>

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

**AS AT 31 MARCH 2014
(Continued)**

	2014	2013
	£	£
12. Creditors due after more than one year		
Loans	<u>7,940,343</u>	<u>8,385,750</u>

Loans are secured by specific charges on the Association's properties and loans are repayable at current rates of interest ranging from 0.875% to 13% (2013 – 0.75% to 13%), due as follows:

In one year or less (Note 11)	360,048	483,888
Between one and two years	371,060	351,542
Between two and five years	778,877	746,350
In five years or more	<u>6,790,406</u>	<u>7,287,858</u>
	<u>8,300,391</u>	<u>8,869,638</u>

	2014	2013
	£	£
13. Employees		
Staff costs during year		
Wages and salaries	798,189	725,679
Social security costs	67,808	61,230
Pension costs	<u>122,488</u>	<u>118,171</u>
	<u>988,485</u>	<u>905,080</u>

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

	2014	2013
	Number	Number
Full time equivalent; Administration and Maintenance	<u>26</u>	<u>21</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:

	2014	2013
	£	£
Aggregate Emoluments payable to Directors (including pension contributions and benefits in kind)	<u>69,171</u>	<u>67,383</u>
Emoluments payable to Highest Paid Director (excluding pension contributions)	<u>63,169</u>	<u>61,537</u>

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

	2014	2013
	£	£
13. Employees (Cont'd)		
Total expenses reimbursed insofar as not chargeable to UK income Tax		
- Directors	<u>370</u>	<u>570</u>
- Committee of Management	<u>1,378</u>	<u>1,457</u>

No member of the Committee of Management received any emoluments in respect of their services to the Association.

14. Surplus on ordinary activities before taxation

	2014	2013
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
a) Operating Lease		
Operating lease costs – Land and Buildings	6,750	6,750
	<u>6,750</u>	<u>6,750</u>
b) Auditors' Remuneration		
The remuneration of the auditors (including expenses)		
Remuneration of the auditors for:		
- Audit services	9,485	9,110
- Other Services	-	-
	<u>9,485</u>	<u>9,110</u>

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

	2014	2013		
	£	£		
15. Notes to the Cash Flow Statement				
(a) Reconciliation of surplus to net cash inflow from operating activities				
Surplus for year	1,306,408	1,263,715		
Net interest payable	290,243	377,088		
Loss on Disposal of Fixed Assets	708	2,213		
Other Income	<u>(1,580)</u>	<u>(6,070)</u>		
Operating surplus for the year excluding interest	1,595,779	1,636,946		
Depreciation	561,406	534,830		
Cancelled shares	(23)	(31)		
Decrease in debtors	28,256	37,480		
Increase/(decrease) in creditors	<u>88,822</u>	<u>(23,182)</u>		
	<u>2,274,240</u>	<u>2,186,043</u>		
(b) Reconciliation of net cash flow to movement in net debt				
Increase in cash for the year	696,103	470,526		
Decrease in overdraft	-	-		
Loans received	-	-		
Loan repayments	<u>569,249</u>	<u>600,946</u>		
Change in net debt	1,265,352	1,071,472		
Net debt as at 1 April 2013	<u>(7,142,119)</u>	<u>(8,213,591)</u>		
Net debt as at 31 March 2014	<u>(5,876,767)</u>	<u>(7,142,119)</u>		
(c) Analysis of Changes in net debt				
	At 31	Cash	Other	At 31
	March 2013	Flow	Changes	March 2014
	£	£	£	£
Cash at bank and in hand	1,727,519	696,103	-	2,423,623
Overdraft	-	-	-	-
Debt due within one year	(466,150)	106,102	-	(360,048)
Debt due after one year	(8,403,488)	463,146	-	(7,940,342)
	<u>(7,142,119)</u>	<u>1,265,351</u>	<u>-</u>	<u>(5,876,767)</u>

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

	2014	2013
	£	£
16. Share Capital		
Shares of £1 fully paid and issued at 1 April	79	106
Shares issued during year	9	4
Shares written off in year	<u>(23)</u>	<u>(31)</u>
Shares issued at 31 March	<u>65</u>	<u>79</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.

	2014	2013
	£	£
17. Capital Commitments		
Expenditure authorised by the Committee of Management and contracted	-	997,920
Less certified	<u>-</u>	<u>(563,196)</u>
	<u>-</u>	<u>434,724</u>
To be funded as follows:		
HAG	-	-
Private Loan	-	-
Cash	<u>-</u>	<u>434,724</u>
	<u>-</u>	<u>434,724</u>

18. Contingent Liabilities

Housing Association Grant allocated to components 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 2014 was £1.524m (2013: £1.411m).

	2014	2013
	No	No
19. Housing Stock		
The number of units in Management at 31 March 2013 was as follows:		
General Need	1,206	1,207
Shared ownership	2	2
Supported Accommodation	-	-
	<u>1,208</u>	<u>1,209</u>

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(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 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63%.

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 2013. As of this date the estimated employer debt for Paisley South Housing Association Limited was £3,309,706.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

The Association's contribution towards the past service deficit for 2013/14 was £70,635. The Association has 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 £1,609,829.

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 13 active members of the Scheme employed by Paisley South Housing Association Limited. The annual pensionable payroll in respect of these members was £478,980.

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:

2012 Valuation Assumptions		% p.a.
Investment return pre retirement		5.3
Investment return post retirement - Non-pensioners		3.4
Investment return post retirement - Pensioners		3.4
Rate of salary increases		4.1
Rate of pension increases		
- Pension accrued pre 6 April 2005 in excess of GMP		2.0
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)		1.7
Rate of price inflation		2.6
Mortality Tables		
Non-pensioners	44% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females	
Pensioners	90% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females	

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

Contribution Rates for Future Service (payable from 1 April 2014)	%
Final salary 1/60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4

21. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2014 the association had annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land and buildings	Other Items	Land and buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 1 year	6,750	-	6,750	-
Within 2 to 5 years	-	-	-	-
	<u>6,750</u>	<u>-</u>	<u>6,750</u>	<u>-</u>

22. 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 loss of £5,333 (2013 - profit £36), after the gifting of last year's profit to Paisley South Housing Association, and having capital and reserves of £3,500 (2013 - £8,833) at 31 March 2014. A balance of £68,133 (2013 - £96,340) was owed from the subsidiary to the Association at 31 March 2014.

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

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

(Continued)

23. 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.

The Association transacts with its subsidiary Paisley South Property Services Limited as detailed in Note 22 above.

24. Reconciliation of Funds

	2014 £	2013 £
At 1 April	8,046,475	6,782,787
Surplus for year	1,306,408	1,263,715
New Shares Issued	79	4
Shares Cancelled	(23)	(31)
Net Change in Funds	1,306,464	1,263,688
At 31 March	9,352,939	8,046,475