

Paisley South Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2015

Registered Housing Association No.HCB166

FCA Reference No. 2171R(S)

Scottish Charity No. SC035589

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

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PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

**COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS
YEAR ENDED 31st MARCH 2015**

COMMITTEE OF MANAGEMENT

John Sweeney	Chairperson
James Weir	Vice Chairperson
Eileen Graham	Secretary
David Jack	Resigned June 2014
Sandra Loney	
Allan McCulloch	Resigned September 2014
Hugues Tankeu	Resigned January 2015
Karen McMillan	
Mhairi MacLean	
Councillor Roy Glen	Resigned August 2014
Councillor Paul Mack	Resigned August 2014
Barbara Brander	Appointed May 2014
Rafal Czernizawski	Appointed July 2014, Resigned Feb 2015
David Baldwin	Appointed August 2014
Margare-Anne Cunningham	Appointed August 2014
Ian Johnstone	Appointed October 2014
Ramy Aly	Appointed May 2015
Linda Byars	Appointed June 2015

EXECUTIVE OFFICERS

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

REGISTERED OFFICE

64 Espedair Street
Paisley
PA2 6RW

AUDITORS

Alexander Sloan
Chartered Accountants
38 Cadogan Street
Glasgow
G2 7HF

BANKERS

Bank of Scotland Commercial Banking
Level 6
110 St Vincent Street
Glasgow
G2 5ER

SOLICITORS

TC Young
7 West George St
Glasgow
G2 1BA

**REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2015**

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2015.

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2171R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC035589.

Principal Activities

The principal activities 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 Service Ltd, whose principal activity is providing a factoring service.

Review of Business and Future Developments

Paisley South made a surplus of £1,763,091 during the year (2014 £1,306,408).

Despite the continued investment in planned maintenance, the Association is in a satisfactory financial position with £2,786,236 deposited as cash funds and will continue with its planned maintenance plans.

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

**REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2015**

Committee of Management and Executive Officers

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

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

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

Statement of Committee of Management's Responsibilities

The Co-operative & Community Benefit Societies Act 2014 requires the Committee of Management to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Committee of Management is required to:-

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

The Committee of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Committee of Management must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Committee of Management are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Committee of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

REPORT OF THE COMMITTEE OF MANAGEMENT
FOR THE YEAR ENDED 31ST MARCH 2015

Statement on Internal Financial Control

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

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

It is the 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 of the Association's systems include ensuring that:

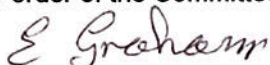
- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Committee of Management to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- Quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Committee of Management;
- the Committee of Management receive reports from management and from the external and internal auditors to provide reasonable assurance that internal financial controls are in place and are effective and that a review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Committee of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2015. 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 auditor's report on the financial statements.

Auditors

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

By order of the Committee of Management



EILEEN GRAHAM

Secretary

27 July 2015

REPORT BY THE AUDITORS TO THE MEMBERS
PAISLEY SOUTH HOUSING ASSOCIATION LIMITED
ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 4 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on page 4 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

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



ALEXANDER SLOAN
Chartered Accountants

GLASGOW
27 July 2015

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

We have audited the financial statements of Paisley South Housing Association Limited for the year ended 31st March 2015 which comprise an income and expenditure account, balance sheet, cash flow statement and related notes. 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 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 auditors' 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 Committee of Management and Auditors

As explained more fully in the Statement of Committee of Management's Responsibilities the Association's Committee of Management, are responsible for the preparation of the Financial Statements that 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 on the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Management Committee's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Opinion on the financial statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Association's affairs as at 31st March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2012.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

Other Matters

The financial statements of Paisley South Housing Association Limited for the year ended 31 March 2014, were audited by another auditor who expressed an unmodified opinion on those statements on 14 August 2014.

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

Matters on which we are required to report by exception

We are required to report to you if, in our opinion:

- the information given in the Management Committee's Report is inconsistent with the financial statements.
- proper books of account have not been kept by the Association in accordance with the requirements of the legislation.
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation.
- the Income and Expenditure Account to which our report relates, and the Balance Sheet are not in agreement with the books of the Association.
- we have not received all the information and explanations necessary for the purposes of our audit.

We have nothing to report in respect of these matters.



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
27 July 2015

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2015

	Notes	2015 £	2014 £
TURNOVER	2.	4,838,936	4,640,524
Operating Costs	2.	<u>(3,330,734)</u>	<u>(3,044,746)</u>
OPERATING SURPLUS	9.	1,508,202	1,595,778
Loss On Sale Of Housing Stock	7.	(4,153)	(708)
Exceptional Item	23.	531,978	-
Interest Receivable and Other Income		5,612	7,913
Interest Payable and Similar Charges	8.	<u>(278,548)</u>	<u>(296,575)</u>
		<u>254,889</u>	<u>(289,370)</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		1,763,091	1,306,408
Tax on surplus on ordinary activities	10.	-	-
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>1,763,091</u>	<u>1,306,408</u>

All amounts relate to continuing activities. All recognised surpluses and deficits have been included in the Income & Expenditure Account. Historical cost surpluses and deficits are identical to those shown in the accounts.


The notes on pages 11-27 form an integral part of the financial statements

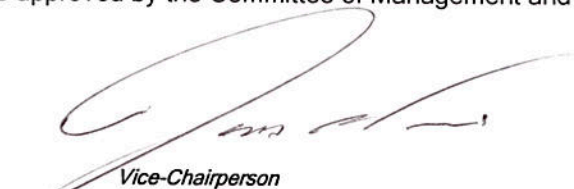
PAISLEY SOUTH HOUSING ASSOCIATION LIMITED


BALANCE SHEET AS AT 31st MARCH 2015

	Notes	£	2015 £	£	2014 £
TANGIBLE FIXED ASSETS					
Housing Properties - Depreciated Cost	11.(a)		65,506,596		64,915,426
Less: Social Housing Grant	11.(a)		(49,328,243)		(49,379,939)
: Other Public Grants	11.(a)		(250,000)		-
			<u>15,928,353</u>		<u>15,535,487</u>
Other fixed assets	11.(b)		100,463		128,552
			<u>16,028,816</u>		<u>15,664,039</u>
FIXED ASSET INVESTMENTS					
Investment in subsidiaries	22.		2		2
CURRENT ASSETS					
Debtors	14.	1,024,646		414,708	
Cash at bank and in hand		<u>2,786,236</u>		<u>2,423,623</u>	
		3,810,882		2,838,331	
CREDITORS: Amounts falling due within one year	15.	<u>(1,299,049)</u>		<u>(1,209,159)</u>	
NET CURRENT ASSETS			<u>2,511,833</u>		<u>1,629,172</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			18,540,651		17,293,213
CREDITORS: Amounts falling due after more than one year	16.		<u>(7,424,686)</u>		<u>(7,940,343)</u>
NET ASSETS			<u>11,115,965</u>		<u>9,352,870</u>
CAPITAL AND RESERVES					
Share Capital	18.		69		65
Designated Reserves	19.(a)		55,144		46,601
Revenue Reserves	19.(b)		<u>11,060,752</u>		<u>9,306,204</u>
			<u>11,115,965</u>		<u>9,352,870</u>

The Financial Statements were approved by the Committee of Management and signed on their behalf on 27 July 2015.


Chairperson


Vice-Chairperson

Secretary


The notes on pages 11-27 form an integral part of the financial statements

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED
31st MARCH 2015

	Notes	2015 £	2014 £
Net Cash Inflow from Operating Activities	17.	2,530,490	2,274,240
Returns on Investment and Servicing of Finance			
Interest Received		4,581	6,333
Interest Paid		(284,942)	(296,575)
Net Cash Outflow from Investment and Servicing of Finance		(280,361)	(290,242)
Capital Expenditure and Financial Investment			
Acquisition and Construction of Properties		(1,403,207)	(708,096)
Purchase of Other Fixed Assets		(2,474)	(12,141)
Social Housing Grant Repaid		-	(25,000)
Other Income		-	1,580
Proceeds on Disposal of Properties		20,645	25,000
Net Cash Outflow from Capital Expenditure and Financial Investment		(1,385,036)	(718,657)
Net Cash Inflow before use of Liquid Resources and Financing		865,093	1,265,341
Financing			
Loan Principal Repayments		(502,492)	(569,247)
Share Capital Issued		12	9
Net Cash Outflow from Financing		(502,480)	(569,238)
Increase in Cash	17.	<u>362,613</u>	<u>696,103</u>

The notes on pages 11-27 form an integral part of the financial statements

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Basis Of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2010, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2012. A summary of the more important accounting policies is set out below.

Basis Of Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The Financial Statements for Paisley South Housing Association Limited present information about it as an individual undertaking and not about its Group.

Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable.

Retirement Benefits

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

Valuation Of Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 11. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

<i>Component</i>	<i>Useful Economic Life</i>
Land	Not depreciated
Structure	Over 50 years
Roofs	Over 50 years
Bathroom	Over 30 years
Windows	Over 30 years
Electrics	Over 30 years
Door Entry	Over 30 years
Kitchen	Over 15 years
Heating - Boilers	Over 14 years
Heating - Radiators	Over 28 years
Lifts	Over 30 years

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Fixed Assets

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

Office Premises	4% straight line
Furniture, Fittings and Equipment	20% straight line

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Social Housing Grant And Other Grants In Advance/Arrears

Where developments have been financed wholly or partly by Social Housing Grant or other capital grant, the cost of those developments has been reduced by the amount of the grant receivable. The amount of the grants receivable is shown separately on the Balance Sheet.

Social Housing Grant attributed to individual components is written off to the Income and Expenditure Account when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates.

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

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal shown in the Income and Expenditure Account.

Disposals of housing property under the Right to Buy scheme are treated as a fixed asset disposal and any gain and loss on disposal accounted for in the Income and Expenditure Account.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

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

Works to Existing Properties

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

Capitalisation Of Development Overheads

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

Development Interest

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

Designated Reserves

The Association has designated part of its reserves to meet its long term obligations.

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

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2015			2014		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3.	4,838,936	3,306,281	1,532,655	4,640,524	3,027,765	1,612,759
Other Activities	4.	-	24,453	(24,453)	-	16,981	(16,981)
Total		4,838,936	3,330,734	1,508,202	4,640,524	3,044,746	1,595,778

3. PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Shared ownership £	2015 Total £	2014 Total £
Income from Lettings				
Rent Receivable Net of Identifiable Service Charges	4,639,720	5,693	4,645,413	4,491,463
Service Charges Receivable	179,426	-	179,426	167,969
Gross Rents Receivable	4,819,146	5,693	4,824,839	4,659,432
Less: Rent losses from voids	29,903	-	29,903	48,259
Net Rents Receivable	4,789,243	5,693	4,794,936	4,611,173
Revenue Grants from Scottish Ministers	44,000	-	44,000	29,351
Total Income From Social Letting	4,833,243	5,693	4,838,936	4,640,524
Expenditure on Social Letting Activities				
Service Costs	188,157	-	188,157	166,401
Management and maintenance administration costs	1,524,644	784	1,525,428	1,379,591
Reactive Maintenance	539,525	-	539,525	575,500
Bad Debts - Rents and Service Charges	24,744	-	24,744	44,800
Planned and Cyclical Maintenance, including Major Repairs	441,805	-	441,805	322,016
Depreciation of Social Housing	586,270	352	586,622	539,457
Operating Costs of Social Letting	3,305,145	1,136	3,306,281	3,027,765
Operating Surplus on Social Letting Activities	1,528,098	4,557	1,532,655	1,612,759
2014	1,616,824	(4,065)		

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. 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	Operating Costs Other	Operating Surplus / (Deficit) 2015	Operating Surplus / (Deficit) 2014
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	14,665	(14,665)	(10,944)
Development and construction of property activities	-	-	-	-	-	-	9,788	(9,788)	(6,038)
Total From Other Activities	-	-	-	-	-	-	<u>24,453</u>	<u>(24,453)</u>	<u>(16,982)</u>
2014	-	-	-	-	-	-	<u>16,981</u>	<u>(16,981)</u>	

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

The Officers are defined in s149 of the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers or servants of the Association.

	2015	2014
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>65,800</u>	<u>63,169</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>8,019</u>	<u>6,002</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>65,800</u>	<u>63,169</u>

The number of Officers, including the highest paid Officer, who received emoluments (excluding pension contributions) over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	1	1

6. EMPLOYEE INFORMATION

	2015	2014
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>27</u>	<u>26</u>
The average total number of Employees employed during the year was	<u>29</u>	<u>27</u>
Staff Costs were:	£	£
Wages and Salaries	826,585	798,189
Social Security Costs	69,355	67,808
Other Pension Costs	190,163	122,488
Temporary, Agency and Seconded Staff	14,188	-
	<u>1,100,291</u>	<u>988,485</u>

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. LOSS ON SALE OF HOUSING STOCK

	2015	2014
	£	£
Sales Proceeds	20,645	25,000
Cost of Sales	<u>24,798</u>	<u>25,708</u>
Loss On Sale Of Housing Stock	<u>(4,153)</u>	<u>(708)</u>

8. INTEREST PAYABLE

	2015	2014
	£	£
On Bank Loans & Overdrafts	<u>278,548</u>	<u>296,575</u>
	<u>278,548</u>	<u>296,575</u>

Interest incurred in the development period of housing properties which has been written off to the income and expenditure account amounted to £0 (2014 £0).

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2015	2014
	£	£
Surplus on Ordinary Activities before Taxation is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	617,184	561,407
Auditors' Remuneration - Audit Services	10,080	9,485
Operating Lease Rentals - Land & Buildings	<u>6,750</u>	<u>6,750</u>

10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

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

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS

a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Completed Shared Ownership Properties £	Total £
COST				
As at 1st April 2014	69,052,868	281,252	78,140	69,412,260
Additions	1,095,939	137,702	-	1,233,641
Disposals	(57,898)	-	-	(57,898)
As at 31st March 2015	<u>70,090,909</u>	<u>418,954</u>	<u>78,140</u>	<u>70,588,003</u>
DEPRECIATION				
As at 1st April 2014	4,491,730	-	5,104	4,496,834
Charge for Year	586,269	-	352	586,621
Disposals	(2,048)	-	-	(2,048)
As at 31st March 2015	<u>5,075,951</u>	<u>-</u>	<u>5,456</u>	<u>5,081,407</u>
SOCIAL HOUSING GRANT				
As at 1st April 2014	49,039,500	281,242	59,197	49,379,939
Disposals	(51,696)	-	-	(51,696)
As at 31st March 2015	<u>48,987,804</u>	<u>281,242</u>	<u>59,197</u>	<u>49,328,243</u>
OTHER CAPITAL GRANTS				
As at 1st April 2014	-	-	-	-
Additions	250,000	-	-	250,000
As at 31st March 2015	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
NET BOOK VALUE				
As at 31st March 2015	<u>15,777,154</u>	<u>137,712</u>	<u>13,487</u>	<u>15,928,353</u>
As at 31st March 2014	<u>15,521,638</u>	<u>10</u>	<u>13,839</u>	<u>15,535,487</u>

Additions to housing properties includes capitalised development administration costs of £nil (2014 - £nil) and capitalised major repair costs to existing properties of £1,074,102 (2014 £727,836)

All land and housing properties are freehold.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

b) Other Tangible Assets

	Office Premises £	Furniture Fittings & Equipment £	Total £
COST			
As at 1st April 2014	290,473	111,732	402,205
Additions	-	2,474	2,474
As at 31st March 2015	<u>290,473</u>	<u>114,206</u>	<u>404,679</u>
GRANTS RECEIVED			
As at 1st April 2014	29,314	-	29,314
As at 31st March 2015	<u>29,314</u>	<u>-</u>	<u>29,314</u>
AGGREGATE DEPRECIATION			
As at 1st April 2014	174,325	70,014	244,339
Charge for year	10,447	20,116	30,563
As at 31st March 2015	<u>184,772</u>	<u>90,130</u>	<u>274,902</u>
NET BOOK VALUE			
As at 31st March 2015	<u>76,387</u>	<u>24,076</u>	<u>100,463</u>
As at 31st March 2014	<u>86,834</u>	<u>41,718</u>	<u>128,552</u>

12. CAPITAL COMMITMENTS

	2015 £	2014 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	<u>1,013,203</u>	<u>-</u>

The above commitments will be financed by the Association's own resources.

13. COMMITMENTS UNDER OPERATING LEASES

At the year end, the annual commitments under operating leases were as follows:-	2015 £	2014 £
Land and Buildings		
Expiring within one year	-	6,750
Expiring between two and five years	<u>6,750</u>	<u>-</u>

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. DEBTORS

	2015	2014
	£	£
Arrears of Rent & Service Charges	187,272	221,367
Less: Provision for Doubtful Debts	(71,123)	(107,330)
	<u>116,149</u>	<u>114,037</u>
Other Debtors	839,827	232,539
Amounts Due from Group Undertakings	68,670	68,132
	<u>1,024,646</u>	<u>414,708</u>

15. CREDITORS: Amounts falling due within one year

	2015	2014
	£	£
Housing Loans	373,213	360,048
Trade Creditors	297,570	175,121
Rent in Advance	240,459	251,623
Other Taxation and Social Security	19,555	18,407
Other Creditors	181,886	136,964
Accruals and Deferred Income	186,366	266,996
	<u>1,299,049</u>	<u>1,209,159</u>

At the balance sheet date there were pension contributions outstanding of £21,277 (2014 £13,404)

16. CREDITORS: Amounts falling due after more than one year

	2015	2014
	£	£
Housing Loans	<u>7,424,686</u>	<u>7,940,343</u>
Housing Loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest in instalments, due as follows:-		
Within one year	373,213	360,048
Between one and two years	379,423	371,060
Between two and five years	1,150,878	778,877
In five years or more	5,894,385	6,790,406
	<u>7,797,899</u>	<u>8,300,391</u>
Less: Amount shown in Current Liabilities	373,213	360,048
	<u>7,424,686</u>	<u>7,940,343</u>

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH FLOW STATEMENT

<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>	2015 £	2014 £
Operating Surplus	1,508,202	1,595,778
Depreciation	617,184	561,407
Change in Debtors	173,071	28,256
Change in Creditors	232,041	88,822
Share Capital Written Off	(8)	(23)
Net Cash Inflow from Operating Activities	<u>2,530,490</u>	<u>2,274,240</u>

<i>Reconciliation of net cash flow to movement in net debt</i>	2015 £	£	2014 £	£
Increase in Cash	362,613		696,103	
Cash flow from change in debt	<u>502,492</u>		<u>569,247</u>	
Movement in net debt during year		865,105		1,265,350
Net debt at 1st April 2014		(5,876,768)		(7,142,118)
Net debt at 31st March 2015		<u>(5,011,663)</u>		<u>(5,876,768)</u>

<i>Analysis of changes in net debt</i>	At 01.04.14 £	Cash Flows £	Other Changes £	At 31.03.15 £
Cash at bank and in hand	2,423,623	362,613		2,786,236
Debt: Due within one year	(360,048)	(502,492)	489,327	(373,213)
Due after more than one year	<u>(7,940,343)</u>	<u>1,004,984</u>	<u>(489,327)</u>	<u>(7,424,686)</u>
Net Debt	<u>(5,876,768)</u>	<u>865,105</u>	<u>-</u>	<u>(5,011,663)</u>

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2014	65
Issued in year	12
Cancelled in year	(8)
At 31st March 2015	<u>69</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

19. RESERVES

(a) Designated Reserves	31 Argyle Street Reserve £	Westerfield Void Reserve £	Westerfield Repairs £	Total £
At 1st April 2014	7,131	15,661	23,809	46,601
Transfer to / (from) Revenue Reserves	1,715	2,059	4,769	8,543
At 31st March 2015	<u>8,846</u>	<u>17,720</u>	<u>28,578</u>	<u>55,144</u>

(b) Revenue Reserves	Total £
At 1st April 2014	9,306,204
Surplus for the year	1,763,091
Transfer (to) / from Designated Reserves	(8,543)
At 31st March 2015	<u>11,060,752</u>

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2015 No.	2014 No.
General Needs - New Build	301	301
- Rehabilitation	904	905
Shared Ownership	2	2
	<u>1,207</u>	<u>1,208</u>

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RELATED PARTY TRANSACTIONS

Members of the Committee of Management are related parties of the Association as defined by Financial Reporting Standard 8.

The related party relationships of the members of the Committee of Management is summarised as follows:

7 members are tenants of the Association

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

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

Members of the Committee of Management received reimbursed expenses in the year of £1,450 (2014 - £1,378).

22. FIXED ASSET INVESTMENT

	2015 £	2014 £
Investments in Subsidiaries		
As at 31st March 2015 & 31st March 2014	2	2

In the opinion of the Committee of Management the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has a 100% owned subsidiary Paisley South Property Services Limited. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

A balance of £68,670 (2014 - £68,133) was owed from the subsidiary to the Association at 31 March 2015. The Association recharged Paisley South Property Services Limited £27,995 (2014 - £31,091) for staff and administration costs. A gift of £nil (2014 - £1,580) was made to the Association from the subsidiary's profit for the year.

Paisley South Property Services Limited collected £83,070 (2014 - £81,735) for factoring services work carried out during the year which was paid to Paisley South Housing Association.

The aggregate amount of capital and reserves and the results of Paisley South Property Services Limited for the year ended 31st March 2015 were as follows:

	2015 £	2014 £
Capital & Reserves	5,934	3,500
Profit/(Loss) for the year	2,434	(5,333)

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. EXCEPTIONAL ITEM

The Association has received an offer of £531,978 relating to compensation following the review of Interest Rate Hedging and Tailored Business Loan carried out by one of the Association's Lenders. The Association has included the value of the offer in the financial statements and is considering whether to pursue additional compensation.

24. 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 2015 was £1.524m (2014 - £1.524m).

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS

General

Paisley South Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The Scheme offers six 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
- Defined Contribution (DC) Scheme

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 continues to operate the final salary with a 1/60th accrual rate for all new and existing members.

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 actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market values. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Paisley South Housing Association Limited paid contributions at the rate of 12.3% of pensionable salaries. Member contributions were 12.3%.

As at the balance sheet date there were 14 active members of the Scheme employed by Paisley South Housing Association Limited. The annual pensionable payroll in respect of these members was £515,826. Paisley South Housing Association Limited continues to offer membership of the Scheme to its employees.

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

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

The last formal valuation of the Scheme was performed as at 30th 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 £394m. The valuation revealed a shortfall of assets compared with the value of liabilities of £304m (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 30th September 2014. 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 £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

Financial Assumptions

The key financial assumptions underlying the valuation as at 30th September 2012 were as follows:

	% 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 price inflation:	
RPI	2.6
CPI	2.0

The valuation was carried out using the SAPS (S1PA) All pensioners Year of Birth Long Cohort with 1% p.a. minimum improvement for non-pensioners and pensioners.

PAISLEY SOUTH HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. RETIREMENT BENEFIT OBLIGATIONS (Continued)

Valuation Results

The long-term joint contribution rates required from employers and members to meet the cost of future benefit accrual were assessed as:

<i>Benefit Structure</i>	<i>Long-term joint contribution rate (% of pensionable salaries)</i>
Final salary - 60ths	24.6
Career average 60ths	22.4
Career average 70ths	19.2
Career average 80ths	16.9
Career average 120ths	11.4

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Trustees supplied Paisley South Housing Association Limited with an updated contribution figure to the past service deficit. From 1 April 2014 Paisley South Housing Association Limited has been required to pay £127,242 per annum as a contribution to the past service deficit. This represented an increase of 80% in Paisley South Housing Association Limited's contribution to the past service deficit. The deficit contribution will increase each April by 3%.

As a result of Pension Scheme legislation 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 buyout 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 currently participating 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.

