



Alexander Sloan
Accountants and Business Advisers

Paisley Housing Association Limited

Report and Financial Statements

For the year ended 31st March 2017

Registered Housing Association No.HCB166

FCA Reference No. 2171R(S)

Scottish Charity No. SC035589

PAISLEY HOUSING ASSOCIATION LIMITED

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PAISLEY HOUSING ASSOCIATION LIMITED

COMMITTEE OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31st MARCH 2017

COMMITTEE OF MANAGEMENT

John Sweeney	Chairperson
James Weir	Vice Chairperson
Eileen Graham	Secretary
Sandra Loney	
Karen McMillan	
Mairi MacLean	
Ian Johnstone	
Emma McShane	
Iain Dewar	

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

INTERNAL AUDITORS

Arneil Johnston
50 Scott Street
Motherwell
ML1 1PN

BANKERS

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

SOLICITORS

TC Young
7 West George Street
Glasgow
G2 1BA

PAISLEY HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2017

The Committee of Management presents its report and the Financial Statements for the year ended 31st March 2017.

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 are the provision and management of affordable rented accommodation.

Review of Business and Future Developments

The Association's overall aim is to help sustain the regeneration of Paisley through the provision of quality housing and services, which will meet the diverse needs and aspirations of our customers.

The Association has initial proposals approved by the Government for one tenant improvement scheme which we are developing with Renfrewshire Council support. We also have a land strategy which we continue to liaise with the Council on.

The Association is committed to ensuring its properties are maintained to a high standard and recognises its obligations to provide major repairs to its properties to ensure that this is the case, while ensuring rents and services remain affordable and good value for money

Current Year

The Association has 1205 properties for rent and have 2 shared ownership and 287 owner occupiers. The Association has continued to manage and maintain these houses to a high standard, reinforcing their commitment to good quality houses at affordable rents. We continue to invest in our housing stock and maintain the standard of properties that it offers to residents through our planned and cyclical maintenance programmes.

The Association has continued to work towards improving performances in repairs responses, arrears levels, void loss and delivering good customer service & value for money.

PAISLEY HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2017

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 and Community Benefit 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 2014 and the Determination of Accounting Requirements 2015. 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 Statement of Comprehensive Income and Statement of Financial Position, 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 members of 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.

PAISLEY HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31ST MARCH 2017

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 control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The 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 2017. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year the Association made charitable donations amounting to £38 (2016: £550).

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

31 July 2017



PAISLEY HOUSING ASSOCIATION LIMITED

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

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. 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 5 has provided the disclosures required by the relevant Regulatory Standards with 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 Committee of Management and Officers of the Association, and examination of relevant documents, we have satisfied ourselves that the Committee of Management's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls .



ALEXANDER SLOAN
Chartered Accountants
Statutory Auditors
GLASGOW
31 July 2017



Alexander Sloan
Accountants and Business Advisers



We have audited the financial statements of Paisley Housing Association Limited for the year ended 31st March 2017 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and accounting standards of the United Kingdom

This report is made solely to the Association's members, as a body, in accordance with 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 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 is 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 Financial Reporting Council's (FRC) 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 Committee of Management; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Committee of Management's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for 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 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice: and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2015.

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.

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 Committee of Management'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.

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

Matters on which we are required to report by exception (contd.)

- the Statement of Comprehensive Income to which our report relates, and the Statement of Financial Position 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
31 July 2017



Alexander Sloan
Accountants and Business Advisers

PAISLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017		2016	
		£	£	£	£
REVENUE	2.		6,270,039		6,127,762
Operating Costs	2.		(4,332,670)		(4,367,855)
OPERATING SURPLUS	9.		1,937,369		1,759,907
Gain On Sale Of Housing Stock	7.	-		57,223	
Exceptional Item	26.	-		65,045	
Interest Receivable and Other Income		14,041		5,235	
Interest Payable and Similar Charges	8.	(181,157)		(230,123)	
Movement in fair value of financial instruments	23.	(21,108)		1,066	
Other Finance Charges	11.	(17,104)		(19,038)	
			(205,328)		(120,592)
Surplus on ordinary activities before taxation			1,732,041		1,639,315
Tax on surplus on ordinary activities	10.		-		-
SURPLUS FOR YEAR			1,732,041		1,639,315
Other Comprehensive Income			-		-
TOTAL COMPREHENSIVE INCOME			1,732,041		1,639,315

The notes on pages 12 to 26 form part of these financial statements.

PAISLEY HOUSING ASSOCIATION LIMITED


STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2017

	Notes	2017		2016	
		£	£	£	£
NON-CURRENT ASSETS					
Housing Properties - Depreciated Cost	12.(a)		48,692,020		49,322,303
Other Non Current Assets	12.(b)		681,391		88,946
			<u>49,373,411</u>		<u>49,411,249</u>
INVESTMENTS					
Investment in subsidiaries	25.	2		2	
			<u>2</u>		<u>2</u>
CURRENT ASSETS					
Receivables	14.	259,983		911,196	
Cash at bank and in hand		4,156,834		3,346,822	
		<u>4,416,817</u>		<u>4,258,018</u>	
CREDITORS: Amounts falling due within one year	15.	<u>(1,319,341)</u>		<u>(1,348,070)</u>	
NET CURRENT ASSETS			<u>3,097,476</u>		<u>2,909,948</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			52,470,889		52,321,199
CREDITORS: Amounts falling due after more than one year	16.		(7,092,623)		(7,547,374)
DEFERRED INCOME					
Social Housing Grants	18.	<u>(29,552,342)</u>		<u>(30,679,933)</u>	
			<u>(29,552,342)</u>		<u>(30,679,933)</u>
NET ASSETS			<u>15,825,924</u>		<u>14,093,892</u>
EQUITY					
Share Capital	19.		45		54
Revenue Reserves			15,825,879		14,093,838
			<u>15,825,924</u>		<u>14,093,892</u>

The Financial Statements were approved by the Committee of Management and authorised for issue and signed on their behalf on 31 July 2017.


Chairperson


Committee Member


Secretary

The notes on pages 12 to 26 form part of these financial statements.

PAISLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017		2016	
		£	£	£	£
Net Cash Inflow from Operating Activities	17.		3,107,177		1,932,758
Investing Activities					
Acquisition and Construction of Properties	(1,034,486)		(993,519)		
Purchase of Other Fixed Assets	(640,131)		(19,461)		
Social Housing Grant Received	-		250,000		
Proceeds on Disposal of Properties	-		72,748		
Net Cash Outflow from Investing Activities			(1,674,617)		(690,233)
Financing Activities					
Interest Received on Cash and Cash Equivalents	14,041		5,235		
Interest Paid on Loans	(181,157)		(230,123)		
Loan Principal Repayments	(455,435)		(457,059)		
Share Capital Issued	3		7		
Net Cash Outflow from Financing			(622,548)		(681,939)
Increase in Cash			810,012		560,586
Opening Cash & Cash Equivalents			3,346,822		2,786,236
Closing Cash & Cash Equivalents			4,156,834		3,346,822
Cash and Cash equivalents as at 31 March 2017.					
Cash			4,156,834		3,346,822
			4,156,834		3,346,822

The notes on pages 12 to 26 form part of these financial statements.

PAISLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY

AS AT 31st MARCH 2017

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 1st April 2015	69	12,454,523	12,454,592
Issue of Shares	7	-	7
Cancellation of Shares	(22)	-	(22)
Surplus for Year	-	1,639,315	1,639,315
Balance as at 31 March 2016	54	14,093,838	14,093,892
Balance as at 1st April 2016	54	14,093,838	14,093,892
Issue of Shares	3	-	3
Cancellation of Shares	(12)	-	(12)
Surplus for Year	-	1,732,041	1,732,041
Balance as at 31 March 2017	45	15,825,879	15,825,924

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS

1 PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

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 2014 and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2015. 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.

Revenue

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

Government Grants are released to income over the expected useful life of of the asset to which it relates.

Retirement Benefits

The Association participated in the Scottish Housing Association Defined Benefits Pension Scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. The Association has moved from the Defined Benefit scheme to the Scottish Housing Association Defined Contribution Scheme.

The Association still has a liability for past service costs contributions to the Scottish Housing Association Defined Benefit Pension Scheme. The Association provides for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond.

Valuation Of Housing Properties

Housing Properties are stated at cost 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 12. 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.

Component	Useful Economic Life
Land	Not depreciated
Structure	Over 50 years
Roofs	Over 50 years
Bathrooms	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 HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Depreciation And Impairment Of Other Non-Current Assets

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

Social Housing Grant And Other Grants In Advance/Arrears

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

Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income 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 non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals of housing property under the Right to Buy scheme are treated as non-current asset disposals and any gain or loss on disposal accounted for in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Committee of Management to exercise judgement in applying Paisley Housing Association Limited Accounting Policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements, are disclosed below:

a) Rent Arrears - Bad Debt Provision

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

b) Life Cycle of Components

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

c) Useful life of properties, plant and equipment

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

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on a percentage basis split across the number of properties the Association owns.

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 PRINCIPAL ACCOUNTING POLICIES (Continued.)

Leases/Leased Assets

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

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.

Property Development Cost

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

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

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

In the judgement of the Committee of Management the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Association considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Pension Liability

In March 2017 the Association received details from the Pension Trust of the final valuation of the pension scheme at September 2015 and the Pension Trust's estimate of the Association's future past service deficit contributions.

The Association has used this to provide the basis of the pension past service deficit liability in the financial statements. The Committee of Management feel this is the best available estimate of the past service liability.

d) Financial Instruments - Basic

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

The Association's debt instruments are measured at amortised cost using the effective interest rate method

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2017			2016		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3.	6,242,037	4,326,634	1,915,403	6,127,762	4,359,651	1,768,111
Other Activities	4.	28,002	6,036	21,966	-	8,204	(8,204)
Total		6,270,039	4,332,670	1,937,369	6,127,762	4,367,855	1,759,907

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared ownership £	2017 Total £	2016 Total £
Revenue from Lettings				
Rent Receivable Net of Service Charges	4,863,951	5,965	4,869,916	4,773,667
Service Charges	209,730	-	209,730	194,216
Gross income from rent and service charges	5,073,681	5,965	5,079,646	4,967,883
Less: Rent losses from voids	16,649	-	16,649	25,398
Net Rents Receivable	5,057,032	5,965	5,062,997	4,942,485
Grants released from deferred income	1,102,369	-	1,102,369	1,125,947
Revenue grants from Scottish Ministers	76,671	-	76,671	59,329
Total turnover from affordable letting activities	6,236,072	5,965	6,242,037	6,127,762
Expenditure on affordable letting activities				
Management and maintenance administration costs	1,534,263	-	1,534,263	1,491,206
Service Costs	195,523	-	195,523	190,794
Planned and cyclical maintenance, including major repairs	423,439	-	423,439	470,101
Reactive maintenance costs	521,825	-	521,825	533,041
Bad Debts - rents and service charges	12,037	-	12,037	47,458
Depreciation of affordable let properties	1,639,547	-	1,639,547	1,627,051
Operating costs of affordable letting activities	4,326,634	-	4,326,634	4,359,651
Operating surplus on affordable letting activities	1,909,438	5,965	1,915,403	1,768,111
2016	1,763,691	4,420		

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF REVENUE, 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) 2017	Operating Surplus / (Deficit) 2016
	£	£	£	£	£	£	£	£	£
Wider Role Activities	-	-	-	-	-	-	-	380	(3,262)
Investment property activities	-	-	-	-	-	-	-	5,656	(5,656)
Development and construction of property activities	-	-	-	-	-	-	-	-	(4,942)
Other activities/Commercial Rent	-	-	-	18,002	18,002	-	-	18,002	-
Donated from subsidiary	-	-	-	10,000	10,000	-	-	10,000	-
Total From Other Activities	-	-	-	28,002	28,002	-	-	6,036	(8,204)
2016	-	-	-	-	-	-	-	8,204	(8,204)

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. OFFICERS' EMOLUMENTS

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

	2017	2016
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>67,560</u>	<u>66,775</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>8,222</u>	<u>8,140</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>67,560</u>	<u>66,775</u>
Total Emoluments paid to key management personnel	<u>234,873</u>	<u>232,717</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	<u>1</u>	<u>1</u>

6. EMPLOYEE INFORMATION

	2017	2016
	No.	No.
The average monthly number of full time equivalent persons employed during the year was	<u>30</u>	<u>29</u>
The average total number of Employees employed during the year was	<u>33</u>	<u>30</u>
Staff Costs were:	£	£
Wages and Salaries	923,358	910,013
Social Security Costs	80,354	59,100
Other Pension Costs	76,634	76,530
Temporary, Agency and Seconded Staff	22,981	8,107
	<u>1,103,327</u>	<u>1,053,751</u>

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2017	2016
	£	£
Sales Proceeds	-	72,748
Cost of Sales	-	15,525
Gain On Sale Of Housing Stock	-	57,223

8. INTEREST PAYABLE & SIMILAR CHARGES

	2017	2016
	£	£
On Bank Loans & Overdrafts	181,157	230,123
	181,157	230,123

9. SURPLUS FOR YEAR

	2017	2016
	£	£
Surplus is stated after charging:-		
Depreciation - Tangible Owned Fixed Assets	1,682,137	1,656,857
Auditors' Remuneration - Audit Services	7,622	9,844
Operating Lease Rentals - Land & Buildings	1,688	6,750
Gain on sale of fixed assets	-	57,223

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.

11. OTHER FINANCE INCOME / CHARGES

	2017	2016
	£	£
Unwinding of Discounted Liabilities	17,104	19,038

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT 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 2016	69,810,932	418,954	78,140	70,308,026
Additions	981,007	53,479	-	1,034,486
Disposals	(300,076)	-	-	(300,076)
As at 31st March 2017	<u>70,491,863</u>	<u>472,433</u>	<u>78,140</u>	<u>71,042,436</u>
DEPRECIATION				
As at 1st April 2016	20,953,997	-	31,726	20,985,723
Charge for Year	1,633,012	-	1,439	1,634,451
Disposals	(269,758)	-	-	(269,758)
As at 31st March 2017	<u>22,317,251</u>	<u>-</u>	<u>33,165</u>	<u>22,350,416</u>
NET BOOK VALUE				
As at 31st March 2017	<u>48,174,612</u>	<u>472,433</u>	<u>44,975</u>	<u>48,692,020</u>
As at 31st March 2016	<u>48,856,935</u>	<u>418,954</u>	<u>46,414</u>	<u>49,322,303</u>

Additions to housing properties include capitalised development administration costs of £8,305 (2016 - £nil) and capitalised major repair costs to existing properties of £942,918 (2016 - £970,073).

All land and housing properties are freehold.

Total expenditure on existing properties in the year amounted to £1,117,691. The amount capitalised is £981,007, with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £942,918 and improvement of £38,089.

The Association's Lenders have standard securities over Housing Property with a carrying value of £36,046,289 (2016 - £38,112,505).

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Total £
COST			
As at 1st April 2016	290,472	115,173	405,645
Additions	638,845	1,286	640,131
Eliminated on Disposals	-	-	-
As at 31st March 2017	<u>929,317</u>	<u>116,459</u>	<u>1,045,776</u>
AGGREGATE DEPRECIATION			
As at 1st April 2016	226,877	89,822	316,699
Charge for year	37,173	10,513	47,686
Eliminated on disposal	-	-	-
As at 31st March 2017	<u>264,050</u>	<u>100,335</u>	<u>364,385</u>
NET BOOK VALUE			
As at 31st March 2017	<u>665,267</u>	<u>16,124</u>	<u>681,391</u>
As at 31st March 2016	<u>63,595</u>	<u>25,351</u>	<u>88,946</u>

12. CAPITAL COMMITMENTS

	2017 £	2016 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	-	<u>636,767</u>

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

13. COMMITMENTS UNDER OPERATING LEASES

	2017 £	2016 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Land and Buildings		
Not later than one year	<u>1,688</u>	<u>8,100</u>

Lease commitments have been restated under FRS102 to include the timing of the full payment due under the contract.

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. RECEIVABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Arrears of Rent & Service Charges	129,425	174,653
Less: Provision for Doubtful Debts	(27,341)	(69,569)
	102,084	105,084
Other Receivables	82,953	717,136
Amounts Due from Group Undertakings	74,946	88,977
	259,983	911,196

15. PAYABLES AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Housing Loans	365,139	470,105
Trade Payables	221,125	203,193
Rent in Advance	268,260	256,105
Other Taxation and Social Security	22,884	21,530
Other Payables	161,986	197,743
Liability for Past Service Contributions	142,497	130,661
Accruals and Deferred Income	137,450	68,734
	1,319,341	1,348,070

At the balance sheet date there were pension contributions outstanding of £24,220 (2016 £23,006).

16. PAYABLES AMOUNTS FALLING DUE AFTER ONE YEAR

	2017	2016
	£	£
Liability for Past Service Contributions	582,760	687,045
Housing Loans	6,509,863	6,860,328
	7,092,623	7,547,374
Housing Loans		
Amounts due within one year	365,139	470,105
Amounts due in one year or more but less than two years	390,826	468,621
Amounts due in two years or more but less than five years	1,121,849	1,265,637
Amounts due in more than five years	4,997,189	5,128,071
	6,875,002	7,330,434
Less: Amount shown in Current Liabilities	365,139	470,105
	6,509,863	6,860,328
Liability for Past Service Contributions		
Amounts due within one year	142,497	130,661
Amounts due in one year or more but less than two years	146,470	137,872
Amounts due in two years or more but less than five years	306,254	419,389
Amounts due in more than five years	130,036	129,784
	725,257	817,706
Less: Amount shown in Current Liabilities	142,497	130,661
	582,760	687,045

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Security	Effective Interest Rate	Maturity	Variable / Fixed
Bank of Scotland	Standard Security over 4 properties	3.05%	2022	Fixed
Bank of Scotland	Standard Security over 3 properties	2.00%	2025	Variable
Bank of Scotland	Standard Security over 6 properties	3.05%	2022	Fixed
Bank of Scotland	Standard Security over 21 properties	2.00%	2026	Variable
Bank of Scotland	Standard Security over 9 properties	3.05%	2022	Fixed
Bank of Scotland	Standard Security over 1 properties	2.00%	2018	Variable
Bank of Scotland	Standard Security over 25 properties	0.9%+ BR	2031	Variable
Bank of Scotland	Standard Security over in above properties	4.81%	2031	Fixed
Bank of Scotland	Standard Security over 25 properties	0.9%+ BR	2031	Variable
Bank of Scotland	Standard Security over in above properties	4.81%	2031	Fixed
Nationwide Building Society	Standard Security over 11 properties	3.99%	2026	Variable
Clydesdale Bank	Standard Security over 17 properties	0.75%+ BR	2033	Variable
Clydesdale Bank	Standard Security over in above properties	4.81%	2033	Fixed
Clydesdale Bank	Standard Security over 20 properties	0.67%+LIBO	2033	Variable
Clydesdale Bank	Standard Security over in above properties	2.00%	2033	Fixed
Clydesdale Bank	Standard Security over 27 properties	0.67%+LIBO	2033	Variable
Clydesdale Bank	Standard Security over in above properties	2.00%	2033	Fixed
Clydesdale Bank	Standard Security over 24 properties	0.67%+LIBO	2034	Variable
Clydesdale Bank	Standard Security over 33 properties	0.6%+LIBO	2034	Variable
Royal Bank Of Scotland	Standard Security over 11 properties	0.425%+BR	2035	Variable
Royal Bank Of Scotland	Standard Security over 27 properties	0.425%+BR	2035	Variable
Royal Bank Of Scotland	Standard Security over 0 properties	0.425%+BR	2035	Variable
Royal Bank Of Scotland	Standard Security over 23 properties	0.4%+BR	2038	Variable
Royal Bank Of Scotland	Standard Security over 32 properties	4.30%	2040	Fixed
Co-op Bank	Standard Security over 39 properties	2.25%+BR	2020	Variable
Co-op Bank	Standard Security over 47 properties	4.50%	2032	Fixed

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

The liability for the past service contributions has been accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows have been discounted at a rate of 1.06% (2016 - 2.29%).

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. STATEMENT OF CASH FLOWS

	2017	2016
	£	£
<i>Reconciliation of operating surplus to net cash inflow from operating activities</i>		
Operating Surplus	1,937,369	1,759,907
Depreciation	1,680,230	1,651,814
Amortisation of Capital Grants	(1,102,369)	(1,125,947)
Change in debtors	651,213	(32,505)
Change in creditors	(21,042)	(302,517)
Gain on sale of other fixed assets	-	-
Unwinding of Discount on Pension Liability	(38,212)	(17,972)
Share Capital Written Off	(12)	(22)
Net Cash Inflow from Operating Activities	<u>3,107,177</u>	<u>1,932,758</u>

18. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Properties £	Total £
Social Housing Grants				
Balance as at 1st April 2016	48,146,331	281,242	59,197	48,486,770
Eliminated on disposal components and property	(234,331)	-	-	(234,331)
Balance as at 31st March 2017	<u>47,912,000</u>	<u>281,242</u>	<u>59,197</u>	<u>48,252,439</u>
Amortisation				
Balance as at 1st April 2016	17,780,737	-	26,100	17,806,837
Amortisation in year	1,101,185	-	1,184	1,102,369
Eliminated on disposal	(209,109)	-	-	(209,109)
Balance as at 31st March 2017	<u>18,672,813</u>	<u>-</u>	<u>27,284</u>	<u>18,700,097</u>
Net book value				
Balance as at 31st March 2017	<u>29,239,187</u>	<u>281,242</u>	<u>31,913</u>	<u>29,552,342</u>
Balance as at 31st March 2016	<u>30,365,594</u>	<u>281,242</u>	<u>33,097</u>	<u>30,679,933</u>

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

	2017	2016
	£	£
Amounts due within one year	1,102,369	1,125,947
Amounts due in one year or more	28,449,973	29,553,986
	<u>29,552,342</u>	<u>30,679,933</u>

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	£
At 1st April 2016	54
Issued in year	3
Cancelled in year	(12)
At 31st March 2017	<u>45</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.

20. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2017	2016
	No.	No.
General Needs - Built by Association	301	301
General Needs - Purchased by Association	904	903
Shared Ownership	2	2
	<u>1,207</u>	<u>1,206</u>

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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 102

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their position 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 is made at arm's length is under normal commercial terms.

Transactions with governing body members (and their close family) were as follows:

	£
Rent and factoring received from Tenants on the Committee and their close family members	25,964

At the year end total rent arrears and factoring owed by the tenant members of the Committee (and their close family) were £nil

Members of the Committee who are tenants	5
--	---

22. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 64 Espedair Street, Paisley, PA2 6RW.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Paisley.

23. CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	2017	2016
	£	£
Movement in fair value of pension past service deficit	(21,108)	1,066

24. GOVERNING BODY MEMBER EMOLUMENTS

Committee of Management members received £1,933 in the year by way of reimbursement of expenses (2016 - £1,698). No remuneration is paid to Committee of Management members in respect of their duties in the Association.

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. INVESTMENTS

	2017 £	2016 £
Investments in Subsidiaries		
As at 31st March 2017 & 31st March 2016	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 £64,946 (2016 - £88,977) was owed by the subsidiary to the Association at 31 March 2017. The Association recharged Paisley South Property Services Limited £33,252 (2016 - £32,169) for staff and administration costs. A gift of £10,000 (2016 - £nil) was made to the Association from the subsidiary's profit for the year.

Paisley South Property Services Limited collected £55,600 (2016 - £78,526) 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 2017 were as follows:

	2017 £	2016 £
Capital & Reserves	7,483	6,662
Profit for the year	821	728

26 EXCEPTIONAL ITEM

In the prior year, the Association received compensation of £65,045 following the review of Interest Rate Hedging and Tailored Business Loan transactions carried out by one of the Association's Lenders.

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

General

Paisley Housing Association Limited participated 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.

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 year under FRS102 represents the employer contribution payable.

The last valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m equivalent to a past service funding level of 76%.

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

Based on the valuation, the Scheme has provided an estimate of the contributions required to fund the past service deficit. Under the new proposals the Association will make payments of £142,204 from 1 April 2017. Payments are expected to increase by 3% per annum and continue until February 2022. These proposals will replace the original plan which was expected to have lasted 10 years.

All employers in the scheme have entered into an agreement to make additional contributions to fund the scheme's past service deficit. This obligation has been recognised in terms of Para 28.11A of Financial Reporting Standard 102. At the statement of financial position date the present value of this obligation was £725,257 (2016 - £817,706). This was calculated by reference to the terms of the agreement and discounting the liability using the yield rate of a high quality corporate bond with a similar term. This discount rate used was 1.06% (2016 - 2.29%).

The Association made payments totalling £130,377 (2016: £126,875) to the pension scheme during the year.