



Alexander Sloan
Accountants and Business Advisers

Paisley Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2018

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 31 MARCH 2018

COMMITTEE OF MANAGEMENT

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

EXECUTIVE OFFICERS

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

REGISTERED OFFICE

64 Espedair Street
Paisley
PA2 6RW

EXTERNAL AUDITORS

Alexander Sloan
Accountants and Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

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 31 MARCH 2018

The Committee of Management presents its report and the Financial Statements for the year ended 31 March 2018.

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 continuing to develop with Renfrewshire Council support and in consultation with the existing owners. We also have a land strategy which we continue to liaise with the Council on. In particular we are progressing the appointment of consultants for our Westerfield Newbuild Development.

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, whilst ensuring rents and services remain affordable and good value for money.

Current Year

The Association has 1204 properties for rent and has 2 shared ownership properties. 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 repair responses, arrears levels, void loss and delivering good customer service and value for money. In particular we are investing significantly in technology to improve efficient delivery of services to tenants and in a new office located in central Paisley to provide easy access for customers.

We are in the second year of our rent phasing and service charges review, to ensure our rents and services better reflect the investment we have made/are making in our stock and the services we provide.

PAISLEY HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

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 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 judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on 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 Financial Statements, 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.

PAISLEY HOUSING ASSOCIATION LIMITED

REPORT OF THE COMMITTEE OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

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 2018. 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 £199 (2017 - £38).

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 August 2018

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 4 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 4 has provided the disclosures required by the relevant Regulatory Standards within the publication 'Our Regulatory Framework' and associated Regulatory Advice Notes 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
Accountants and Business Advisers
Statutory Auditors
GLASGOW
27 August 2018



Alexander Sloan
Accountants and Business Advisers

PAISLEY HOUSING ASSOCIATION LIMITED

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

Opinion

We have audited the financial statements of Paisley Housing Association Limited (the 'Association') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Society Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 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 prepared in accordance with the requirements of the Co-operative and Community Benefits 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Committee of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Committee of Management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Committee of Management.

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

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

PAISLEY HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PAISLEY HOUSING ASSOCIATION LIMITED (Continued)

Responsibilities of the Committee of Management

As explained more fully in the Statement of Committee of Management's Responsibilities as set out on Page 3, the Committee of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Committee of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee of Management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of Management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of Management.
- Conclude on the appropriateness of the Committee of Management use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Association audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
27 August 2018



Alexander Sloan
Accountants and Business Advisers

PAISLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018	2017
		£	£
REVENUE	2	6,368,019	6,270,039
Operating Costs	2	(4,639,622)	(4,332,670)
OPERATING SURPLUS		1,728,397	1,937,369
Gain On Sale Of Housing Stock	7	24,635	-
Interest Receivable and Other Income		2,827	14,041
Interest Payable and Similar Charges	8	(170,409)	(181,157)
Movement in fair value of financial instruments	25	5,064	(21,108)
Other Finance Income / (Charges)	11	(6,878)	(17,104)
		(144,761)	(205,328)
SURPLUS FOR THE YEAR	9	1,583,636	1,732,041
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		1,583,636	1,732,041

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

PAISLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Notes	2018	2017
		£	£
NON-CURRENT ASSETS			
Housing Properties - Depreciated Cost	12 (a)	48,499,799	48,692,020
Intangible Assets	12 (b)	72,258	-
Other Non-current Assets	12 (c)	639,258	681,391
		<u>49,211,315</u>	<u>49,373,411</u>
INVESTMENTS			
Investment in subsidiaries	26	2	2
		<u>2</u>	<u>2</u>
CURRENT ASSETS			
Receivables	15	322,478	259,983
Cash at bank and in hand		4,190,160	4,156,834
		<u>4,512,638</u>	<u>4,416,817</u>
CREDITORS: Amounts falling due within one year	16	<u>(1,441,635)</u>	<u>(1,319,341)</u>
NET CURRENT ASSETS		<u>3,071,003</u>	<u>3,097,476</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>52,282,320</u>	<u>52,470,889</u>
CREDITORS: Amounts falling due after more than one year	17	<u>(6,431,237)</u>	<u>(7,092,623)</u>
DEFERRED INCOME			
Social Housing Grants	19	(28,441,527)	(29,552,342)
		<u>(28,441,527)</u>	<u>(29,552,342)</u>
NET ASSETS		<u>17,409,556</u>	<u>15,825,924</u>
EQUITY			
Share Capital	20	41	45
Revenue Reserves		17,409,515	15,825,879
		<u>17,409,556</u>	<u>15,825,924</u>

The Financial Statements were approved by the Committee of Management and authorised for issue and signed on their behalf on 27 August 2018.

Chairperson

Secretary

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

PAISLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
Net cash inflow from operating activities	18		2,203,614		3,107,177
Investing Activities					
Acquisition and Construction of Properties		(1,485,940)		(1,034,486)	
Purchase of Intangible Fixed Assets		(90,323)		-	
Purchase of Other Fixed Assets		(2,567)		(640,131)	
Proceeds on Disposal of Properties		33,935		-	
Net cash outflow from Investing activities			(1,544,895)		(1,674,617)
Financing Activities					
Interest Received on Cash and Cash Equivalents		2,827		14,041	
Interest Paid on Loans		(170,409)		(181,157)	
Loan Principal Repayments		(457,815)		(455,435)	
Share Capital Issued		4		3	
Net cash outflow from financing activities			(625,393)		(622,548)
Increase in cash			33,326		810,012
Opening Cash & Cash Equivalents			4,156,834		3,346,822
Closing Cash & Cash Equivalents			4,190,160		4,156,834
Cash and Cash equivalents as at 31 March					
Cash			4,190,160		4,156,834
Bank overdraft			-		-
			4,190,160		4,156,834

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

PAISLEY HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

	Share Capital	Revenue Reserve	Total
	£	£	£
Balance as at 31 March 2016	54	14,093,838	14,093,892
Issue of Shares	3	-	3
Cancellation of Shares	(12)	-	(12)
Surplus for the year	-	1,732,041	1,732,041
Balance as at 31 March 2017	<u>45</u>	<u>15,825,879</u>	<u>15,825,924</u>
Balance as at 1 April 2017	45	15,825,879	15,825,924
Issue of Shares	4	-	4
Cancellation of Shares	(8)	-	(8)
Surplus for the Year	-	1,583,636	1,583,636
Balance as at 31 March 2018	<u>41</u>	<u>17,409,515</u>	<u>17,409,556</u>

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

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 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 Accounting by Registered Social Landlords 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods, commencing 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. The financial statements for Paisley Housing Association Limited present information about it as an individual undertaking and not about the group.

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 the asset to which it relates.

Retirement Benefits

The Association participates in the Scottish Housing Association Defined Benefits 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.

The Association accounts 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 the 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
Doors	Over 30 years
Door Entry	Over 15 years
Kitchen	Over 15 years
Heating - Boilers	Over 14 years
Heating - Radiators	Over 28 years
Lifts	Over 30 years
Multi - Balconies	Over 30 years

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

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:

Asset Category	Depreciation Rate
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 it relates.

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.

Taxation

The Association is a Registered Scottish Charity and is not liable to taxation on its charitable activities.

Estimation Uncertainty

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board of Management to exercise judgement in applying the Association's 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 an percentage basis split across the number of properties the Association owns.

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES

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

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.

Service Charge Sinking Funds

The Association receives a service charge from owner occupiers to fund future planned maintenance, cyclical maintenance and car park costs. In accordance with the Statement of Recommended Practice the balance of unspent service income is included as a liability where amounts are repayable or contributions are reduced.

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

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

Negative Goodwill

Negative goodwill created through acquisition is written off to the Statement of Comprehensive Income as the non-cash assets acquired are depreciated or sold.

Housing Property Managed By Agents

Where a third party manages the Association's housing property the accounting treatment reflects the substance of the transactions. The property is only excluded if the rights and obligations associated with the scheme has been transferred to

Stocks

Stocks of Maintenance materials have been valued at the lower of cost and net realisable value. Cost is defined as the

VAT

The Association is VAT registered but a large proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT.

Provisions

In accordance with Financial Reporting Standard 12 provision is made for...

Key Judgements made in the application of Accounting Policies

a) The Categorisation of Housing Properties

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

b) Identification of cash generating units

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

c) Financial instrument break clauses

The Association has considered the break clauses attached to the financial instruments that it has in place for its loan funding. In the judgement of the Board of Management, these break clauses do not cause the financial instrument to be classified as a complex financial instrument and therefore they meet the definition of a basic financial instrument.

d) Pension Liability

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 feels this is the best available estimate of the past service liability.

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 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Notes	2018			2017		
		Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	6,329,091	4,625,434	1,703,657	6,242,037	4,326,634	1,915,403
Other Activities	4	38,928	14,188	24,740	28,002	6,036	21,966
Total		6,368,019	4,639,622	1,728,397	6,270,039	4,332,670	1,937,369

3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared Ownership £	2018 Total £	2017 Total £
Revenue from Lettings				
Rent receivable net of service charges	4,989,161	6,055	4,995,216	4,869,916
Service charges receivable	228,037	-	228,037	209,730
Gross Income from rent and service charges	5,217,198	6,055	5,223,253	5,079,646
Less: Rent losses from voids	24,527	-	24,527	16,649
Net Rents Receivable	5,192,671	6,055	5,198,726	5,062,997
Grants released from deferred income	1,083,253	1,184	1,084,437	1,102,369
Revenue grants from Scottish Ministers	45,928	-	45,928	76,671
Total turnover from affordable letting activities	6,321,852	7,239	6,329,091	6,242,037
Expenditure on affordable letting activities				
Management and maintenance administration costs	1,720,309	-	1,720,309	1,534,263
Service Costs	191,341	-	191,341	195,523
Planned and cyclical maintenance, including major repairs	511,110	-	511,110	423,439
Reactive maintenance costs	556,068	-	556,068	521,825
Bad Debts - rents and service charges	4,123	-	4,123	12,037
Depreciation of affordable let properties	1,641,044	1,439	1,642,483	1,639,547
Operating costs of affordable letting activities	4,623,995	1,439	4,625,434	4,326,634
Operating surplus on affordable letting activities	1,697,857	5,800	1,703,657	1,915,403
2017	1,909,438	5,965		

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Other Income	Total Turnover	Operating Costs Other	Operating Surplus / (Deficit) 2018	Operating Surplus / (Deficit) 2017
	£	£	£	£	£
Wider role activities	-	-	-	-	(380)
Investment property activities	-	-	14,188	(14,188)	(5,656)
Other activities	30,641	30,641	-	30,641	18,002
Charitable donations	8,287	8,287	-	8,287	10,000
Total From Other Activities	38,928	38,928	14,188	24,740	21,966
2017	28,002	28,002	6,036	21,966	

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
 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 Committee of Management, managers and employees of the Association.

Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)

	2018	2017
	£	£
Aggregate Emoluments payable to Officers with Emoluments greater than £60,000 (excluding Pension Contributions)	<u>68,708</u>	<u>67,560</u>
Pension contributions made on behalf on Officers with emoluments greater than £60,000	<u>8,543</u>	<u>8,222</u>
Emoluments payable to Chief Executive (excluding pension contributions)	<u>68,708</u>	<u>67,560</u>
Total Emoluments paid to key management personnel	<u>238,484</u>	<u>234,873</u>

Pension contributions made on behalf on Officers with emoluments greater than £60,000

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

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

The average monthly number of full time equivalent persons employed during the year was:

	2018	2017
	No.	No.
The average monthly number of full time equivalent persons employed during the year was:	<u>31</u>	<u>30</u>
The average total number of Employees employed during the year was:	<u>32</u>	<u>33</u>

The average total number of Employees employed during the year was:

Staff Costs were:

Wages and Salaries
 Social Security Costs
 Other Pension Costs
 Temporary, Agency and Seconded Staff

	2018	2017
	£	£
Wages and Salaries	1,028,953	923,358
Social Security Costs	84,518	80,354
Other Pension Costs	117,106	76,634
Temporary, Agency and Seconded Staff	17,965	22,981
	<u>1,248,542</u>	<u>1,103,327</u>

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GAIN ON SALE OF HOUSING STOCK

	2018	2017
	£	£
Sales Proceeds	33,935	-
Cost of Sales	9,300	-
Gain On Sale Of Housing Stock	<u>24,635</u>	<u>-</u>

8. INTEREST PAYABLE & SIMILAR CHARGES

	2018	2017
	£	£
On Bank Loans & Overdrafts	170,409	181,157
	<u>170,409</u>	<u>181,157</u>

9. SURPLUS FOR THE YEAR

	2018	2017
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	1,684,236	1,682,137
Auditors' Remuneration - Audit Services	7,920	7,622
Operating Lease Rentals - Land & Buildings	1,688	1,688
Gain on sale of fixed assets	<u>(24,635)</u>	<u>-</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.

11. OTHER FINANCE INCOME / CHARGES

	2018	2017
	£	£
Unwinding of Discounted Liabilities	<u>6,878</u>	<u>17,104</u>

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
COST				
As at 1 April 2017	70,491,863	472,433	78,140	71,042,436
Additions	1,441,819	44,121	-	1,485,940
Disposals	(73,369)	-	-	(73,369)
Schemes Completed	45,174	(45,174)	-	-
As at 31 March 2018	<u>71,905,487</u>	<u>471,380</u>	<u>78,140</u>	<u>72,455,007</u>
DEPRECIATION				
As at 1 April 2017	22,317,251	-	33,165	22,350,416
Charge for Year	1,638,097	-	1,439	1,639,536
Disposals	(34,744)	-	-	(34,744)
As at 31 March 2018	<u>23,920,604</u>	<u>-</u>	<u>34,604</u>	<u>23,955,208</u>
NET BOOK VALUE				
As at 31 March 2018	<u>47,984,883</u>	<u>471,380</u>	<u>43,536</u>	<u>48,499,799</u>
As at 31 March 2017	<u>48,174,612</u>	<u>472,433</u>	<u>44,975</u>	<u>48,692,020</u>

Additions to housing properties include capitalised development administration costs of £11,061 (2017 - £8,305) and capitalised major repair costs to existing properties of £1,460,491 (2017 - £942,918).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £2,553,118 (2017 - £1,117,691). The amount capitalised is £1,485,940 (2017 - £981,007) with the balance charged to the statement of comprehensive income. The amounts capitalised can be further split between component replacement of £1,460,491 (2017 - £942,918) and improvement of £25,449 (2017 - £38,089).

The depreciation charge on housing properties as shown above differs from that per Note 3 due to accelerated depreciation on component replacements.

The Association's Lenders have standard securities over Housing Property with a carrying value of £36,235,149 (2017 - £36,046,289).

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NON CURRENT ASSETS (Continued)

(b) Intangible Assets	Website & Software £	Total £
COST		
Additions	90,323	90,323
As at 31 March 2018	90,323	90,323
AGGREGATE DEPRECIATION		
Charge for year	18,065	18,065
As at 31 March 2018	18,065	18,065
NET BOOK VALUE		
As at 31 March 2018	72,258	72,258
As at 31 March 2017	-	-

12. NON CURRENT ASSETS (Continued)

(c) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Total £
COST			
As at 1 April 2017	929,317	116,459	1,045,776
Additions	360	2,207	2,567
Eliminated on Disposals	-	(546)	(546)
As at 31 March 2018	929,677	118,120	1,047,797
AGGREGATE DEPRECIATION			
As at 1 April 2017	264,050	100,335	364,385
Charge for year	37,187	7,513	44,700
Eliminated on Disposals	-	(546)	(546)
As at 31 March 2018	301,237	107,302	408,539
NET BOOK VALUE			
As at 31 March 2018	628,440	10,818	639,258
As at 31 March 2017	665,267	16,124	681,391

13. CAPITAL COMMITMENTS

	2018 £	2017 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	161,784	-

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

14. COMMITMENTS UNDER OPERATING LEASES

	2018 £	2017 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
Land and Buildings	4,501	1,688
Not later than one year		

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Arrears of Rent & Service Charges	153,206	129,425
Less: Provision for Doubtful Debts	(44,538)	(27,341)
	<u>108,668</u>	<u>102,084</u>
Other Receivables	143,637	82,953
Amounts Due from Group Undertakings	70,173	74,946
	<u>322,478</u>	<u>259,983</u>

16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Housing Loans	424,756	365,139
Trade Payables	253,515	221,125
Rent Received in Advance	204,441	268,260
Other Taxation and Social Security	24,568	22,884
Other Payables	215,086	161,986
Liability for Past Service Contributions	145,769	142,497
Accruals and Deferred Income	173,500	137,450
	<u>1,441,635</u>	<u>1,319,341</u>

At the balance sheet date there were pension contributions outstanding of £1,130 (2017 - £24,220).

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

	2018 £	2017 £
Liability for Past Service Contributions	438,805	582,760
Housing Loans	5,992,432	6,509,863
	<u>6,431,237</u>	<u>7,092,623</u>
Housing Loans		
Amounts due within one year	424,756	365,139
Amounts due in one year or more but less than two years	401,470	390,826
Amounts due in two years or more but less than five years	1,187,092	1,121,849
Amounts due in more than five years	4,403,870	4,997,188
	<u>6,417,188</u>	<u>6,875,002</u>
Less: Amount shown in Current Liabilities	424,756	365,139
	<u>5,992,432</u>	<u>6,509,863</u>
Liability for Past Service Contributions		
Amounts due within one year	145,769	142,497
Amounts due in one year or more but less than two years	147,907	146,470
Amounts due in two years or more but less than five years	289,780	306,254
Amounts due in more than five years	1,118	130,036
	<u>584,574</u>	<u>725,257</u>
Less: Amount shown in Current Liabilities	145,769	142,497
	<u>438,805</u>	<u>582,760</u>

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Bank of Scotland	Standard security over 4 properties	3.1%	2022	Fixed
Bank of Scotland	Standard security over 3 properties	2.0%	2025	Variable
Bank of Scotland	Standard security over 6 properties	3.1%	2022	Fixed
Bank of Scotland	Standard security over 21 properties	1.1%	2026	Variable
Bank of Scotland	Standard security over 9 properties	3.1%	2022	Fixed
Bank of Scotland	Standard security over 1 properties	2.0%	2018	Variable
Bank of Scotland	Standard security over 25 properties	0.75%+BR	2031	Variable
Bank of Scotland	Standard security over in above properties	4.8%	2031	Fixed
Bank of Scotland	Standard security over 25 properties	0.75%+BR	2031	Variable
Bank of Scotland	Standard security over in above properties	4.8%	2031	Fixed
Nationwide Building Society	Standard security over 11 properties	4.0%	2026	Variable
Clydesdale Bank	Standard security over 17 properties	0.7%	2033	Variable
Clydesdale Bank	Standard security over in above properties	2.0%	2033	Fixed
Clydesdale Bank	Standard security over 20 properties	0.67% + LIBOR	2033	Variable
Clydesdale Bank	Standard security over in above properties	2.0%	2033	Fixed
Clydesdale Bank	Standard security over 27 properties	0.67% + LIBOR	2033	Variable
Clydesdale Bank	Standard security over 24 properties	0.67% + LIBOR	2034	Variable
Clydesdale Bank	Standard security over 33 properties	0.67% + LIBOR	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	No security over properties	0.425% + BR	2035	Variable
Royal Bank of Scotland	Standard security over 23 properties	0.40% + BR	2039	Variable
Royal Bank of Scotland	Standard security over 32 properties	4.3%	2040	Fixed
Co-op Bank	Standard security over 39 properties	2.25% + BR	2018	Variable
Co-op Bank	Standard security over 47 properties	4.5%	2032	Fixed

All of the Association's bank borrowings are repayable on 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 1.51% (2017 - 1.06%).

18. STATEMENT OF CASH FLOWS

Reconciliation of operating surplus to net cash inflow from operating activities

	2018 £	2017 £
Operating Surplus	1,728,397	1,937,369
Depreciation	1,687,183	1,680,230
Amortisation of Intangible Fixed Assets	18,065	-
Amortisation of Capital Grants	(1,084,437)	(1,102,369)
Change in debtors	(82,495)	651,213
Change in creditors	(81,277)	(21,042)
Unwinding of Discount on Pension Liability	(1,814)	(38,212)
Share Capital Written Off	(8)	(12)
Net cash inflow from operating activities	2,203,614	3,107,177

19. DEFERRED INCOME

	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
Social Housing Grants				
As at 1 April 2017	47,912,000	281,242	59,197	48,252,439
Eliminated on disposal of components and property	(59,130)	-	-	(59,130)
As at 31 March 2018	47,852,870	281,242	59,197	48,193,309
Amortisation				
As at 1 April 2017	18,672,813	-	27,284	18,700,097
Amortisation in year	1,083,253	-	1,184	1,084,437
Eliminated on disposal	(32,752)	-	-	(32,752)
As at 31 March 2018	19,723,314	-	28,468	19,751,782
Net book value				
As at 31 March 2018	28,129,556	281,242	30,729	28,441,527
As at 31 March 2017	29,239,187	281,242	31,913	29,552,342
Total grants net book value as at 31 March 2018	28,129,556	281,242	30,729	28,441,527
Total grants net book value as at 31 March 2017	29,239,187	281,242	31,913	29,552,342

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

	2018 £	2017 £
Amounts due within one year	1,084,437	1,102,369
Amounts due in one year or more	27,357,090	28,449,973
	28,441,527	29,552,342

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. SHARE CAPITAL

Shares of £1 each Issued and Fully Paid	2018	2017
	£	£
As at 1 April 2017	45	54
Issued in year	4	3
Cancelled in year	(8)	(12)
At 31 March 2018	<u>41</u>	<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.

21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2018	2017
	No.	No.
General Needs - Built by Association	301	301
General Needs - Purchased by Association	903	904
Shared Ownership	2	2
	<u>1,206</u>	<u>1,207</u>

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. 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 positions to their advantage.

Committee of Management cannot use their position to their advantage. Any transactions between the Association and any entity with which a Committee of Management member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Committee of Management members (and their close family) were as follows:

	2018 £	2017 £
Rent received from tenants on the Committee of Management and their close family members	26,581	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 (2017 - £nil).

Members of the Committee of Management who are tenants	5	5
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23. 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.

24. COMMITTEE OF MANAGEMENT MEMBER EMOLUMENTS

Committee of Management members received £1,355 (2017 - £1,933) in the year by way of reimbursement of expenses. No remuneration is paid to Committee of Management members in respect of their duties to the Association.

25. CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS

	2018 £	2017 £
Movement in fair value of pension past service deficit	5,064	(21,018)

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. INVESTMENTS

Investments in Subsidiaries	2018	2017
	£	£
Cost		
As at 1 April and 31 March	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 named 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 £70,173 (2017 - £74,946) was owed by the subsidiary to the Association at 31 March 2018. The Association recharged Paisley South Property Services Limited £34,348 (2017 - £33,252) for staff and administration costs. A gift of £8,287 (2017 - £10,000) was made to the Association from the subsidiary's profit for the year. Paisley South Property Services Limited collected £53,450 (2017 - £55,600) 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 31 March 2018 were as follows:

	2018	2017
	£	£
Capital & Reserves	7,437	7,483
(Deficit) / Surplus for the year	(46)	821

PAISLEY HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RETIREMENT BENEFIT OBLIGATIONS

General

Paisley 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.

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 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 employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

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 £584,574 (2017 - £725,257). 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 1.51% (2017 - 1.06%).

At the 31st March 2018 there were two members still currently involved in the defined benefits scheme. The Association made payments totalling £219,143 (2017 - £130,377) to the pension scheme during the year.

Since the Association closed membership to the defined benefits scheme, new employees have been enrolled in the Scottish Housing Association Defined Contribution scheme.