

**PARKHEAD HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

**Registered Housing Association No. HCB167**

**Financial Conduct Authority No. 1911RS**

**Registered Charity No SC030908**

**RSM UK AUDIT LLP  
Chartered Accountants**

**Glasgow**

# PARKHEAD HOUSING ASSOCIATION LIMITED

## THE BOARD, EXECUTIVES AND ADVISERS

YEAR ENDED 31 MARCH 2017

### THE BOARD

Elizabeth Kennedy	Chairperson	Jenny Pearson	Co-opted
John Ferguson MBE	Honorary President	Nessie Wood	
John Buchanan	Vice-Chair	Norman Meiklejohn	
Mandy Morgan		Robert Donnelly	
Thomas Brock	Co-opted	James Reilly	
Izabela Trzcielinska		Susan McKeown	
Radka Filkasoua		Vikki McCall	Co-opted
Paul Murphy			
Matthew Reid	Secretary		

### EXECUTIVE OFFICERS

James Strang	Chief Executive
Aileen McGuire	Director of Corporate Services
Graeme Aitken	Director of Operations

### REGISTERED OFFICE

40 Helenvale Street  
Glasgow  
G31 4TF

### AUDITORS

RSM UK Audit LLP  
Third Floor  
Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

### BANKERS

Royal Bank of Scotland  
100 West George Street  
Glasgow  
G2 1PP

### SOLICITORS

TC Young  
7 West George Street  
Glasgow  
G2 1BA

### Registration Particulars:

Financial Conduct Authority

Co-operative and Community Benefit Societies Act 2014  
Registered Number 1911 R (S)

Scottish Housing Regulator

Housing (Scotland) Act 2010  
Registered Number HCB 167

Scottish Charities

Charities and Trustee Investment (Scotland) Act 2005  
Scottish Charity Number SC 030908

**PARKHEAD HOUSING ASSOCIATION LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

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# PARKHEAD HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD

AS AT 31 MARCH 2017

The Board present their report and audited financial statements for the year ended 31 March 2017.

### Principal activities

The principal activity of Parkhead Housing Association (PHA) is the development, management and maintenance of housing for people in housing need.

Parkhead Housing Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and The Scottish Housing Regulator as a Registered Social Landlord.

The table below shows the property we own and manage:

	2017	2016
<b>Managed Property Numbers (7 Special needs)</b>		
Tenanted Property (Inc 2 wardens)	1,639	1,583
Shared Ownership Properties	37	44
Factored properties	350	350
Total	<u>2,026</u>	<u>1,977</u>
<b>Developing Property Numbers</b>		
Tenanted Property on site over 2017	<u>36</u>	<u>45</u>

### Our strategic aims

Parkhead Housing Association's mission statement outlines its commitment to the local community and undertakes its strategic aims. This statement is as follows:

"We aim to be an excellent landlord and factor providing good quality affordable homes within the Parkhead area and its wider community. We promote the involvement of our stakeholders in our decision making so that we can be sure that our services meet their needs. We work with the community and other partners to improve Parkhead as a place in which to live and we seek to play a significant role in the regeneration of the physical, economic and social life of Parkhead".

PHA's core values are:

- 1 Community Centred - we will ensure that the focus of our work meets the needs and aspirations of the Parkhead Community.
- 2 Partnership - we will work with others to improve services and improve the daily lives our residents and other stakeholders.
- 3 Service Excellence - we will provide the best possible level of services to all customers at all times.
- 4 Integrity - we will be open and accountable, respect others and behave in a professional and ethical manner at all times.

# **PARKHEAD HOUSING ASSOCIATION LIMITED**

## **REPORT OF THE BOARD**

**AS AT 31 MARCH 2017**

**(Continued)**

### **Review of business and future developments**

In this, its 40th anniversary year, Parkhead Housing Association continues to perform to the highest standards in its operational, financial, governance, strategic and developmental targets.

The Association has outperformed this year on its main KPI's, with rent arrears, re-let times, void control and repairs performance all showing outturns better than forecast and improved on previous years. The arrears performance, in particular, has been achieved against a national upward trend and is down to the strategic decisions taken by the Board to target resources to deal with this business critical performance area. The re-lets performance was equally as impressive considering the Association had 36 new build lets in the year in addition to normal turnover.

In financial terms, turnover was £7,682,076.

The Association considers its Governance arrangements to be of particular importance in the running of the business and takes seriously its responsibilities to ensure its policies and practice comply with, and seek to exceed, current standards and good practice.

The Association continues to review its strategic direction based on robust business planning processes, governance reviews, customer service feedback and a value for money ethic that ensures the development programme meets operational requirements and customer needs. Hence the continuation of a 4 year new build programme planned to provide 106 additional units over the period. This approach has enabled the development of the old Black Cat Studio site providing an additional 36 new socially rented home for the area within this reporting year. The associated Pippin Bar site at the time of writing is due to provide another 9 units. Another example of this approach was the creation of a fully owned trading subsidiary, the Parkhead Development Company Ltd, which carries out grounds maintenance and close and window cleaning on behalf of the Association. The business was operational from October 2016 and currently employs 8 local people and is currently performing well within the targets set by the subsidiary's Board of Directors. The planning is well advanced for the next major new build development on the old Quarrybrae school site providing another 67 units, 8 of which will be for Mid-Market Rent. This is a new venture for the Association and it's expected that this will provide direct rent opportunities to people and return a higher operational surplus to the Association.

This overall business approach has also enabled the Association to again take advantage of the City Council's tenemental property acquisition strategy with an addition 20 units purchased on the open market from the older multi-tenure stock. This is a targeted response and enables the Association to take control of poor quality tenemental properties and to radically improve standards.

The Association is the main anchor organisation for the Townscape Heritage Initiative [THI] and a significant level of investment (£15m) has been levered into the area from various sources, over the last few years, to restore the Parkhead Town centre to its original appearance. The Parkhead School project on Westmuir Street is well on course to be finished by the start of 2018 at which point the Association will take full possession of this wonderful local asset. This project has been on the drawing board of a good number of years and the physical start in this financial year is a testimony to the approach PHA takes to its local community.

# **PARKHEAD HOUSING ASSOCIATION LIMITED**

## **REPORT OF THE BOARD**

**AS AT 31 MARCH 2017  
(Continued)**

The Association's wider role strategy is gaining more and more momentum and the now well established John Wheatley Lecture and Mary Barbour Award as seen as being major events in the Scottish Housing calendar. The George Ryan Educational Bursary, the Armistice Event and the Annual Gala Day are now well recognised local events in the calendar. This year the Association has appointed a new dedicated staff resource to develop, implement and manage the wider role strategy to tackle three core areas – Improvements to the Educational attainment gap within our community, helping to reduce health inequalities and improving routes to employment for the residents of Parkhead. The Association has all but abandoned its plans to acquire the Whiterose Hall. The long term future of this totally underused local asset is not secure and the lack of a meaningful outcome from an engagement with the hall operators and its owners, the City Council, resulted in a decision being made to spend no more time on the Hall. This is regrettable and the Association will review this position should circumstances change.

The Association also directly supports Playbusters Ltd, the Artist in Residence project, the Parkhead Youth Project and the North East Foodbank. Each of these organisations play a pivotal role within the local area and will continue to receive direct and indirect support to enable them to achieve their targets, all of which are in line with the Associations. The Association has also directly supported the Parkhead Community Garden project and this year the Association in conjunction with other partners established the first dedicated veteran's garden in Glasgow with grant from the Covenant Fund and work in kind totalling £30,000. These specific projects will feed into a new Parkhead Environmental Strategy that will aim to improve the local environment.

The Board continues to recognise the asset that is the staff and the Association continues to operate within the IIP and Healthy Working Lives gold standards. It continues to support and appraise staff annually and offers internal and external training opportunities. The Association also recognises the valuable contribution its staff can make to other organisations and encourages staff to join and support other organisations their spare time.

# PARKHEAD HOUSING ASSOCIATION LIMITED

## REPORT OF THE BOARD

AS AT 31 MARCH 2017

(Continued)

### The Board

The members of the Board during the year to 31 March 2017 and up to the date of approval of the financial statements were:

Elizabeth Kennedy	Chairperson	Matthew Reid	Secretary
John Ferguson MBE	Honorary President	Nessie Wood	
John Buchanan	Vice-Chair	Norman Meiklejohn	
Sarah Fitzpatrick	Resigned Sept 2016	Robert Donnelly	
Thomas Brock	Co-opted	James Reilly	
Jamie Grant	Resigned August 2016	Vikki McCall	Co-opted
Jenny Pearson	Co-opted	Paul Murphy	
Mandy Morgan	Elected Sept 2016	Radka Filkasoua	
Izabela Trzcielinska	Elected Sept 2016	Susan McKeown	

Each member of the Board 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 Board.

### Executive Officers

James Strang, Chief Executive  
Aileen McGuire, Director of Corporate Services  
Graeme Aitken, Director of Operations

### Operational Review

#### 1. Corporate Governance

The Board has maintained its record on ensuring it operates at the highest levels of Governance and has taken steps to ensure that the Board is as representative of its shareholder base as it can be. The Board has maintained its training and skills assessment processes.

#### 2. Services to tenants

We compare our performance with other similar sized RSLs and we set demanding internal targets. This year involved the Association completing the ARC as part of the new SHR regulatory system. We will publish our first tenants ARC report in due course. Part of this process includes a survey of our tenants on a range of activities and we consistently record very high levels of satisfaction. These figures are in line with the monthly exit surveys we carry out as part of customer engagement policy.

# **PARKHEAD HOUSING ASSOCIATION LIMITED**

## **REPORT OF THE BOARD**

**AS AT 31 MARCH 2017**

**(Continued)**

### **3. Wider role**

The Association has a long and very positive track record in its wider role initiatives. In the past year we granted two educational Bursaries, held a very successful gala day, variety show, art competition and donated to a number of local charitable events. We continue to support the Parkhead Youth Project through accountancy service support and have developed a strong working and support relationship with the newly established North East Food bank operated under the Trussell Trust franchise.

The Board will continue to investigate social enterprise options to enable the creation of sustainable employment opportunities within our community.

### **4. Other Areas**

The Audit and Risk Committee have settled in well and are operating within the structure of the organisation with good effect. The Risk Register is regularly reviewed and updated as a when any particular risks have been identified. The policies on internal controls outlined in last years report have the focus of the sub-committee.

#### **Risk Management Policy**

The Board have, with advice from their auditors, a formal risk management process in place to assess business risks and implement risk management strategies. This involved identifying the types of risks the Association faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the Board have reviewed the adequacy of the Association's current internal controls.

Accordingly they have set policies on internal controls which cover the following:

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



# **PARKHEAD HOUSING ASSOCIATION LIMITED**

## **REPORT OF THE BOARD**

**AS AT 31 MARCH 2017**  
**(Continued)**

### **Related Party Transactions**

Seven (2016: Eight) members of the Board are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

All transactions between Parkhead Housing Association and its subsidiary, Parkhead Development Company, are carried out on an arms-length basis.

### **Credit Payment Policy**

The Association's policy concerning the payment of its trade creditors complies with the Confederation of British Industry guidelines. The average payment period is thirty days (2016: thirty days).

### **Maintenance policies**

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

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. In line with the SORP 2014, replacements to building components (as identified in note 1) are capitalised in the accounts as they occur. All other repairs are charged to the Income and Expenditure account.

### **Treasury and Financial Management**

The Association has taken steps to improve its internal auditing facility and the Association has introduced a new audit regime to better reflect the risks which could affect the Association in the future.

The Board on a regular basis consider the financial progress of the Association and take the necessary action to deal with adverse variances should they arise.

### **People policies and Health & Safety**

The Association fully recognises that its people are its most important asset. It is they who manage the business. PHA is fully committed to staff development, training and to the maintenance of a good working environment. The attainment of the Gold award Health at Work award and the Bronze award under Investors in People underline this commitment. So too was the attainment of a number of staff with additional qualifications to enable them to enhance their role in the business.

The Association currently complies and will always comply with all relevant employment legislation.

### **Disabled employees**

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

**PARKHEAD HOUSING ASSOCIATION LIMITED**

**REPORT OF THE BOARD**

**AS AT 31 MARCH 2017**  
**(Continued)**

**Budgetary and Planning Process**

Each year the Board approves the annual budget and rolling three-year strategic plan. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through quarterly reporting to the Board of variances from the budget, updated forecasts for the year together with information progress against the business plan.

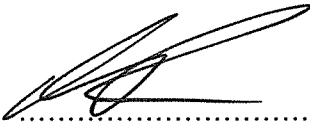
**Rental income**

The Association's Rent Policy is a points system based on the size, type and facilities of the accommodation. The policy ensures that the rent structure is easy to administer and covers the wide variations within the Association's properties. The point's value is reviewed annually to ensure that the rents cover the required costs. This policy follows the generally accepted practice/principles of the Housing Movement.

**Auditors**

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

On behalf of the Board



.....  
Matthew Reid  
Secretary

Date: 23/08/2017.....

# PARKHEAD HOUSING ASSOCIATION LIMITED

## STATEMENT OF THE BOARD RESPONSIBILITIES


The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Management Committee to ensure that financial statements are prepared for each financial year, which give a true and fair view of the Association's state of affairs and of the surplus or deficit of the Association for that period. In preparing those financial statements, the Management Committee is required to:

- select suitable accounting policies and 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 being disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is not appropriate to presume that the Association will continue in business.

The Management Committee is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Association. The Management Committee must ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Housing Associations Determination of Accounting Requirements 2014. It is 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 has general responsibility for taking reasonable steps to safeguard the assets of the RSL and to prevent and detect fraud and other irregularities.

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

By order of the Board

  
.....  
Matthew Reid  
Secretary

Date: 23/08/2017

# PARKHEAD HOUSING ASSOCIATION LIMITED

## THE BOARD'S STATEMENT ON INTERNAL

### FINANCIAL CONTROL

31 MARCH 2017

The Board acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:-

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

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material misstatement or loss. Key elements include ensuring that:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- Experienced and suitably qualified staff take responsibility for important business functions.
- Forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives and progress towards the financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variance from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- The Board review reports from management and from both internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Board have reviewed the system of internal financial control in the Association during the year ended 31 March 2017. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditors' report on the financial statements.

By order of the Board



Matthew Reid  
Secretary

Date: 23/08/2017

**PARKHEAD HOUSING ASSOCIATION LIMITED**  
**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF**  
**PARKHEAD HOUSING ASSOCIATION LIMITED**  
**ON INTERNAL FINANCIAL CONTROLS**

In addition to our audit of the Financial Statements, we have reviewed your statement on Page 11 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

**Basis of Opinion**

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Board and Officers of the Association and examination of relevant documents. 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 reason given for non-compliance.

**Opinion**

In our opinion the Statement on Internal Financial Control on page 11 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory 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.

*RSM UK Audit LLP*

RSM UK AUDIT LLP  
Statutory Auditor  
Chartered Accountants  
Third Floor  
Centenary House  
69 Wellington Street  
Glasgow  
G2 6HG

Date 11/9/17

# PARKHEAD HOUSING ASSOCIATION LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### PARKHEAD HOUSING ASSOCIATION LIMITED

#### Opinion on financial statements

We have audited the financial statements of Parkhead Housing Association on pages 14 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2017 and of its income and expenditure 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 Companies Act 2006, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – December 2014.

#### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Board's Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Board's Report have been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Board's Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;

#### Respective responsibilities of the Board and auditor

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

This report is made solely to the Association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report and for the opinion we have formed.

*RSM UK Audit LLP*

RSM UK AUDIT LLP  
Statutory Auditor  
Chartered Accountants  
Third Floor  
Centenary House  
69 Wellington Street  
GLASGOW, G2 6HG

1/9/17

**PARKHEAD HOUSING ASSOCIATION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Notes</b>	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
<b>Turnover</b>	2	7,696,069	7,126,765
Operating costs	2	<u>(5,977,471)</u>	<u>(5,692,693)</u>
<b>Operating surplus</b>	2	1,718,598	1,434,072
Gain on Disposal of Housing Accommodation	9	-	30,916
Interest receivable		19,687	23,168
Interest and financing costs	4	(217,803)	(188,054)
Other finance (costs)/income	22	<u>(71,000)</u>	<u>(95,000)</u>
<b>Surplus on ordinary activities before tax</b>		1,449,482	1,205,102
Taxation on deficit on ordinary activities	5	<u>-</u>	<u>-</u>
<b>Surplus for year</b>	6	<u>1,449,482</u>	<u>1,205,102</u>
Actuarial (loss)/gain in respect of pension scheme		<u>(1,182,000)</u>	<u>1,103,000</u>
<b>Total Comprehensive Income for the year</b>		<u>267,482</u>	<u>2,308,102</u>

All amounts relate to continuing activities.

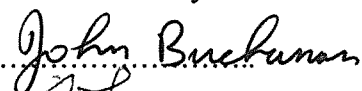

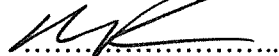
**PARKHEAD HOUSING ASSOCIATION LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2017**

	Notes	£	2017 £	2016 £
<b>Tangible Fixed Assets</b>				
Housing properties	10a		72,834,143	69,431,767
Other Fixed Assets	10b		1,226,130	1,255,033
Investments	11		100	100
			74,060,373	70,686,900
<b>Current Assets</b>				
Trade and other debtors	12	565,676		427,709
Cash and cash equivalents		6,661,064		7,873,860
		7,226,740		8,301,569
<b>Current Liabilities</b>				
<b>Creditors - Amounts falling due within one year</b>	13	2,302,875		2,280,027
<b>Net current assets</b>			4,923,865	6,021,542
<b>Total Assets Less Current Liabilities</b>			78,984,238	76,708,442
<b>Creditors – amount falling due after more than one year</b>	14		(57,826,615)	(57,139,958)
Provisions for liabilities:				
Pension provision	22		(3,339,000)	(2,027,000)
Other provisions	17		(22,923)	(13,266)
<b>Net assets</b>			17,795,700	17,528,218
<b>Capital and reserves</b>				
Share capital	18		142	142
Revenue reserves	18		17,795,558	17,528,076
			17,795,700	17,528,218

These financial statements on pages 14 to 39 were approved and authorised for issue by the Board on ~~23/08/17~~ and signed on their behalf by:

Board Member:   
 Board Member:   
 Secretary: 



**PARKHEAD HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASH FLOWS**

**YEAR TO 31 MARCH 2017**

	Notes	£	2017 £	2016 £
<b>Net cash provided by/(used in) operating activities</b>	20		2,985,631	2,680,279
<b>Cash flow from investing activities</b>				
Purchase of tangible fixed assets		(5,765,417)		(9,278,489)
Proceeds of disposal of tangible fixed assets		-		79,586
Interest received		51,313		71,832
HAG repaid		-		(50,233)
HAG received		2,293,484		3,671,892
<b>Net cash provided by/(used in) investing activities</b>			(3,420,620)	(5,505,412)
<b>Cash flow from financing activities</b>				
Interest paid		(217,803)		(188,054)
New secured loans		-		5,000,000
Repayments of borrowings		(560,012)		(560,012)
Issue of share capital		8		29
<b>Net cash provided by/(used in) financing activities</b>			(777,807)	4,251,963
<b>Net change in cash and cash equivalents</b>			(1,212,796)	1,426,830
Cash and cash equivalents at the beginning of the year		7,873,860		6,447,030
Cash and cash equivalents at the end of the year			6,661,064	7,873,860
<b>Analysis of cash and cash equivalents</b>				
Cash in hand			6,661,064	7,873,860
Notice deposits (less than 3 months)			-	-
<b>Total cash and cash equivalents</b>			6,661,064	7,873,860

Further details are given in note 20.

# PARKHEAD HOUSING ASSOCIATION LIMITED

## PRINCIPAL ACCOUNTING POLICIES

AS AT 31 MARCH 2017

### 1.0 Legal Status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010.

The address of the Company's registered office and principal place of business is 40 Helenvale Street, Glasgow, G31 4TF.

The Association's principal activities are detailed in the Board Report. The nature of the Associations operations are detailed in the Board Report.

The Association is a Public Benefit Entity.

### 1.1 Basis of Accounting

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2014 "Statement of Recommended Practice for Registered Housing Providers" and the comply with the Determination of Accounting Requirements 2014, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in Sterling (£).

### 1.2 Consolidation

The Association and its subsidiary undertaking comprise a group. The Financial Conduct Authority has granted exemption from preparing group financial statements. The accounts therefore represent the results of the Association and not the group. The subsidiary was dormant throughout the year.

### 1.3 Critical Accounting Estimates and Areas of Judgement

Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below.

*Critical accounting estimates:*

Useful lives of housing property - management reviews its estimate of the useful lives of depreciable assets at each reporting date based on predictions from contracts manager.

# **PARKHEAD HOUSING ASSOCIATION LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

**AS AT 31 MARCH 2017**

### **1.4 Going Concern**

The Board has reviewed the results for the year and has also reviewed the projections for the next five years.

On that basis the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### **1.5 Turnover and revenue recognition**

Turnover relates to the income from the letting of properties at affordable rents, together with revenue grants receivable in the period. Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the transaction.

### **1.6 Government Grants**

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Reasonable assurance is normally obtained when (e.g. the grant has been awarded in writing).

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant a liability is included in the Statement of Financial Position to recognise this obligation.

# PARKHEAD HOUSING ASSOCIATION LIMITED

## PRINCIPAL ACCOUNTING POLICIES

AS AT 31 MARCH 2017

### 1.7 Other Grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

### 1.8 Fixed assets - Housing properties

Housing properties are properties for the provision of social housing or to otherwise provide social benefit and are principally properties available for rent.

Completed housing properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

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

Shared ownership properties are included in housing properties at cost, less any provisions needed for depreciation or impairment.

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

Land	Not depreciated
Structure	Over 50 years
Roof	Over 40 years
Kitchen	Over 18 years
Bathroom	Over 50 years
Heating system - Boiler	Over 13 years
Heating system – ex boiler	Over 26 years
Windows and external doors	Over 30 years
Internal doors	Over 50 years
Lift	Over 50 years

# PARKHEAD HOUSING ASSOCIATION LIMITED

## PRINCIPAL ACCOUNTING POLICIES

AS AT 31 MARCH 2017

### 1.9 Fixed assets - Housing properties (continued)

Surpluses and deficits on the sale of housing properties are accounted for in the Income and Expenditure account in the year of disposal. The surplus or deficit is shown on the face of the Income and Expenditure Account.

First tranche Shared Ownership disposals are credited to turnover on completion, the cost of construction of these sales is included as work in progress until the point of sale when the costs are taken to operating costs. Disposals of subsequent tranches are treated as fixed asset disposals with the gain or loss on disposal taken to the Income and Expenditure account.

### 1.10 Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the RSL estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

### 1.11 Other Fixed Assets

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

Office Premises (excluding land)	- 1.5% - 3.33%
Furniture and Fittings	- 33.33%
Computer Equipment	- 20%
Office Equipment	- 33.33%

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the statement of comprehensive income.

# PARKHEAD HOUSING ASSOCIATION LIMITED

## PRINCIPAL ACCOUNTING POLICIES

AS AT 31 MARCH 2017

### 1.11 Other Fixed Assets (continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

### 1.12 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale.

All other borrowing costs are expensed as incurred.

### 1.13 Tax

The Association has charitable status and is registered with the Office of Scottish Charities Regulator and is therefore exempt from paying Corporation Tax on charitable activities.

### 1.14 Value Added Tax

The Association is VAT registered, however a large proportion of income, namely rents, is exempt for VAT purposes therefore giving rise to a Partial Exemption calculation. Expenditure is shown inclusive of VAT.

### 1.15 Deposits and Liquid Resources

Cash comprises cash in hand and deposits repayable on demand less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

### 1.16 Employee Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

Employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the RSL is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

# PARKHEAD HOUSING ASSOCIATION LIMITED

## PRINCIPAL ACCOUNTING POLICIES

AS AT 31 MARCH 2017

### 1.17 Financial Instruments

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### *Financial assets*

##### *Debtors*

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade or other debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in income and expenditure for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

#### *Financial liabilities*

##### *Trade creditors*

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

# PARKHEAD HOUSING ASSOCIATION LIMITED

## PRINCIPAL ACCOUNTING POLICIES

AS AT 31 MARCH 2017

### 1.17 Financial Instruments (continued)

#### *Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

### 1.18 Provisions

Provisions are recognised when the RSL has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

### 1.19 Pension Costs

The Association participates in the Strathclyde Pension Fund 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 organisations taken as a whole.

The expected cost to the Association of pensions is charged to income so as to spread the cost of pensions over the service lives of the employees in the scheme taken as a whole.

The Association has fully adopted accounting standard FRS17 'Retirement Benefits' during the year. The impact of this standard has been reflected throughout the financial statements. Prior year comparatives have been restated where appropriate.

The difference between the fair value of the assets held in the Association's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method as recognised in the Association's balance sheet as a pension scheme liability as appropriate.



**PARKHEAD HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2017**

**(Continued)**

**2. Particulars of turnover, operating costs and operating surplus/(deficit)**

		Turnover	Operating Costs £	Operating Surplus/ (deficit) £	Operating Surplus/ (deficit) 2016 £
<b>Affordable letting activities</b>	3a	7,459,989	5,594,431	1,865,558	1,576,770
<b>Other Activities</b>	3b	236,080	383,040	(146,960)	(142,698)
<b>Total</b>		<u>7,696,069</u>	<u>5,977,471</u>	<u>1,718,598</u>	<u>1,434,072</u>
<b>Total for previous reporting period</b>		<u>7,126,765</u>	<u>5,692,693</u>	<u>1,434,072</u>	

# PARKHEAD HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

(Continued)

### 3a. Particulars of Income and Expenditure from affordable letting activities

	General Needs Housing	Hostel Supported Social Housing	Shared Ownership Housing	2017	2016 Total
	£	£	£	£	£
<b>Income from lettings</b>					
Rent receivable net of identifiable service charges	5,921,496	273,242	98,743	6,293,481	5,825,361
Service charges receivable	240,360	-	-	240,360	234,327
Gross Rents Receivable	6,161,856	273,242	98,743	6,533,841	6,059,688
Less: Rent Losses from Voids	(41,325)	-	-	(41,325)	(74,112)
<b>Net Rents Receivable</b>	6,120,531	273,242	98,743	6,492,516	5,985,576
Grants released from deferred income	918,225	-	29,838	948,063	939,669
Grants received	19,410	-	-	19,410	32,077
<b>Total income from Affordable Letting Activities</b>	7,058,166	273,242	128,581	7,459,989	6,957,322
<b>Expenditure on Affordable Letting Activities</b>					
Service costs	197,695	-	-	197,095	176,038
Management and maintenance administration costs	1,047,924	9,428	69,828	1,127,180	1,011,413
Planned and cyclical maintenance including major repair costs	1,302,043	7,331	-	1,309,374	1,282,454
Reactive maintenance costs	623,015	10,172	-	633,187	768,962
Bad debts – rents and service charges	25,727	-	-	25,727	32,026
Depreciation of social housing	2,264,863	-	36,405	2,301,268	2,109,659
<b>Operating costs for Affordable Letting Activities</b>	5,461,267	26,931	106,233	5,594,431	5,380,552
<b>Operating Surplus on Affordable Letting Activities</b>	1,596,899	246,311	22,348	1,865,558	1,576,770
<b>2016</b>	1,311,483	250,549	14,738	1,576,770	

The rent loss from voids of £41,325 (2016: £74,112) includes £nil (2016: £nil) in respect of development voids.

**PARKHEAD HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2017**  
(Continued)

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

	<i>Grants from Scottish Ministers</i>	<i>Other revenue grants</i>	<i>Supporting people income</i>	<i>Other income</i>	<i>Total Turnover</i>	<i>Operating costs – bad debts</i>	<i>Other operating costs</i>	<i>Operating surplus or deficit</i>	<i>Operating surplus or deficit for previous period of account</i>
	£	£	£	£	£	£	£	£	£
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	-	-	-	-	-	-	-	-	-
Care and repair	-	-	-	-	-	-	-	-	-
Investment property activities	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	56,239	56,239	-	56,239	-	-
Support activities	-	-	38,536	-	38,536	-	84,695	(46,159)	(41,391)
Care activities	-	-	-	-	-	-	-	-	-
Contracted out activities undertaken for registered social landlords	-	-	-	-	-	-	-	-	-
Contracted out services undertaken for other organisations	-	-	-	-	-	-	-	-	-
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to other organisations	-	-	-	-	-	-	-	-	-
Other activities	-	-	-	110,548	110,548	-	213,238	(102,690)	(101,307)
Restricted Big Lottery	-	-	-	30,757	30,757	-	28,868	1,889	-
<b>Total from other activities</b>	-	-	38,536	197,544	236,080	-	383,040	(146,960)	(142,698)
<b>2016</b>	-	-	38,042	131,401	169,443	-	312,141	(142,698)	-

# PARKHEAD HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

(Continued)

### 4. Interest payable and financing costs

	2017	2016
	£	£
Interest on loans	213,356	197,835
Rent arrears NPV charge	4,447	(9,781)
	<u>217,803</u>	<u>188,054</u>

### 5. Taxation

The Association obtained charitable status in December 2000. As such, it has no liability for Corporation Tax in respect of its exempt activities.

### 6. Operating surplus or deficit

	2017	2016
	£	£
Operating surplus is stated after charging/(crediting):		
Depreciation of housing properties	2,301,268	2,109,659
Depreciation of other tangible fixed assets:		
- owned	90,675	94,156
(Surplus)/deficit on disposal of tangible fixed assets	-	30,916
	<u>                    </u>	<u>                    </u>
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
Audit services – statutory audit	12,251	9,870
Other services:		
FRS 102 transition	-	3,750
	<u>12,251</u>	<u>13,620</u>

### 7. Key Management Personnel

The key management personnel are defined as the members of the Board, the Chief Executive and any other person reporting directly to the Chief Executive or the Board whose total emoluments exceed £60,000 per year. No emoluments were paid to any member of the Board during the year.

The emoluments of key management personnel whose emoluments, excluding pension contributions, were over £60,000 fell within the following bands:

# PARKHEAD HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017  
(Continued)

### 7. Key Management Personnel (contd)

	2017 No.	2016 No.
£60,001 to £70,000	1	1
	2017 £	2016 £
Emoluments payable to Chief Executive (excluding pension contributions)	<u>77,471</u>	<u>74,404</u>

The Chief Executive is not an ordinary member of the Association's pension scheme described in Note 22. He has no other pension arrangements to which the Association contributes.

### 8. Employee Information

	2017 No.	2016 No.
The average full time equivalent number of persons (including key management personnel) employed during the year was:	<u>32</u>	<u>29</u>
Staff Costs were:	£	£
Wages and Salaries	1,152,983	1,062,009
Social Security Costs	116,898	86,943
Pension Costs	244,716	261,679
	<u>1,514,597</u>	<u>1,410,631</u>

Included in the pension costs total is an expense of £59,000 (2016: £91,000) arising from the implementation of FRS102 in the financial statements.

### 9. Gain on Disposal of Fixed Assets

	2017 £	2016 £
Net Proceeds from the Disposal of Housing Accommodation	-	99,447
Cost of Housing Accommodation sold	-	(68,531)
Gain on Sale of Housing Accommodation	<u>-</u>	<u>30,916</u>

**PARKHEAD HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2017**

**(Continued)**

**10a. Tangible Fixed Assets**

<b>Housing Properties</b>	<b>Housing Properties Held for Letting £</b>	<b>Housing Properties Under Construction £</b>	<b>Completed Shared Ownership Properties £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 <sup>st</sup> April 2016	95,012,212	2,071,839	2,308,704	99,392,755
Properties acquired	645,574	-	220,558	866,131
Transferred	708,992		(708,992)	-
Works to existing properties	1,386,613	3,450,899	-	4,837,512
Schemes completed	-	-	-	-
Disposals in year	(361,618)	-	-	(361,618)
<b>At 31<sup>st</sup> March 2017</b>	<u>97,391,773</u>	<u>5,522,738</u>	<u>1,820,270</u>	<u>104,734,781</u>
<b>Depreciation and impairment</b>				
At 1 <sup>st</sup> April 2016	28,851,937	-	1,109,051	29,960,988
Provided during year	2,264,863	-	36,405	2,301,268
Transferred	129,367		(129,367)	-
Disposals	(361,618)	-	-	(361,618)
<b>At 31<sup>st</sup> March 2017</b>	<u>30,884,549</u>	<u>-</u>	<u>1,016,089</u>	<u>31,900,638</u>
<b>Net Book Value</b>				
<b>As at 31<sup>st</sup> March 2017</b>	<u>66,507,224</u>	<u>5,522,738</u>	<u>804,181</u>	<u>72,834,143</u>
<b>As at 31<sup>st</sup> March 2016</b>	<u>66,160,275</u>	<u>2,071,839</u>	<u>1,199,653</u>	<u>69,431,767</u>

# PARKHEAD HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

(Continued)

### 10a. Tangible Fixed Assets (contd)

Additions to housing properties during the year include capitalised administration costs of £7,687 (2016: £9,608) for which Housing Association Grants amounting to £7,687 (2016: £9,608) were received in the year.

During the year £1,253,622 (2016: £737,900) out of a planned, cyclical and major repairs spend of £1,816,138 (2016: £1,616,762) was capitalised. Out of the amount capitalised £1,214,922 (2016: £723,000) related to replacement components and £38,700 (2016: £14,900) related to improvements.

All Housing Properties are freehold.

£5,024,139 (2016: £4,954,095) of land is included in the cost of housing properties.

### 10 b. Tangible Fixed Assets

Other fixed assets	Land Bank £	Commercial And Office Premises £	Computer Office Furniture & Equipment £	Total £
<b>Cost</b>				
At 1 <sup>st</sup> April 2016	22,885	1,664,328	352,004	2,039,217
Additions	-	45,312	16,461	61,773
Disposal	-	-	(8,639)	(8,639)
<b>At 31<sup>st</sup> March 2017</b>	<u>22,885</u>	<u>1,709,640</u>	<u>359,826</u>	<u>2,092,351</u>
<b>Depreciation</b>				
At 1 <sup>st</sup> April 2016	-	550,419	233,765	784,184
Charge for year	-	46,086	44,589	90,675
On disposals	-	-	(8,639)	(8,639)
<b>At 31<sup>st</sup> March 2017</b>	<u>-</u>	<u>596,505</u>	<u>269,715</u>	<u>866,220</u>
<b>Net Book Value</b>				
<b>As at 31<sup>st</sup> March 2017</b>	<u>22,885</u>	<u>1,113,135</u>	<u>90,111</u>	<u>1,226,131</u>
As at 31 <sup>st</sup> March 2016	<u>22,885</u>	<u>1,113,909</u>	<u>118,239</u>	<u>1,255,033</u>

# PARKHEAD HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

(Continued)

### 11. Investments

	2017 £	2016 £
Cost		
At 1 <sup>st</sup> April and 31 March	<u>100</u>	<u>100</u>

The investment consists of 100 Ordinary A Shares of £1 each in Parkhead Development Limited, in which the Association controls 100% of the voting shares. The subsidiary is registered in Scotland and began trading for the second six months of the financial year. The capital and reserves total at 31 March 2017 is £14,093 (2016: £100).

### 12. Debtors

	2017 £	2016 £
Arrears of Rent and Service Charges	264,856	256,985
Less: Provision for Doubtful Debts	(66,214)	(64,246)
Less: Discounting of payment plans > 12 months	<u>(27,880)</u>	<u>(23,433)</u>
	170,762	169,306
Other Debtors	155,145	133,301
Group Debtor	84,845	-
Prepayments	<u>154,924</u>	<u>125,102</u>
	<u>565,676</u>	<u>427,709</u>

Included in the figure for rent and service charge arrears is £57,187 (2016: £46,301) due in respect of housing benefits payments.

In September 2016, Parkhead Housing Association entered into an intercompany loan agreement of £70,000 with its subsidiary Parkhead Development Company. Loans are repayable by October 2017 and are at a fixed interest rate of 2%. This loan is included within Group Debtors.



**PARKHEAD HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2017**

**(Continued)**

**13. Creditors – Amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Housing Loans (Note 16)	551,459	458,009
Trade Creditors	259,931	253,152
Other Creditors	71,029	84,202
Accrued Charges	265,433	360,132
Deferred capital grants (note 15)	948,063	939,669
Rent in Advance	206,960	184,862
	<u>2,302,875</u>	<u>2,280,027</u>

Other Creditors includes deferred income of £10,790 relating to “Big Lotto” grant funding received, the breakdown of which is as follows:

Total funding received in the year:	£31,551
Funding used to cover expenses:	£20,761
Deferred income:	£10,790

**14. Creditors – Amounts falling due after more than one year**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Housing Loans (Note 16)	16,693,941	17,344,310
Deferred Capital Grant (Note 15)	41,132,674	39,795,648
	<u>57,826,615</u>	<u>57,139,958</u>

**15. Deferred capital grant**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
As at 1 April	40,735,317	38,053,327
Grant received in year	2,293,483	3,671,892
Repayments	-	(50,233)
Capital grant released	(948,063)	(939,669)
At 31 March	<u>42,080,737</u>	<u>40,735,317</u>
Amounts to be released within one year	948,063	939,669
Amounts to be released in more than one year	41,132,674	39,795,648
	<u>42,080,737</u>	<u>40,735,317</u>

# PARKHEAD HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

(Continued)

### 16. Debt analysis - Borrowings

	2017 £	2016 £
Creditors: amounts falling due within one year		
Bank loans	<u>551,459</u>	<u>458,009</u>
Creditors: amounts falling due after more than one year		
Bank loans	<u>16,693,941</u>	<u>17,433,969</u>

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to LIBOR that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

Bank loans are secured by specific charges on the Association's properties. All loans relate to housing properties. Loans are repayable at rates of interest of 0.57% to 2.29% (2016 – 0.77% to 2.58%). The Association makes quarterly repayments of the bank borrowing.

### 16. Debt analysis – Borrowings (continued)

Based on the lender's earliest repayment dates, borrowings are repayable as follows:

	2017 £	2016 £
Due within one year	551,459	458,009
Due in one year or more but less than two years	555,802	461,636
Due between two and five years	1,693,964	1,559,539
Due more than five years	<u>14,530,741</u>	<u>15,412,794</u>
	<u>17,331,966</u>	<u>17,891,977</u>

**PARKHEAD HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2017**

**(Continued)**

**17. Provisions**

	<b>Holiday Pay £</b>
At 1 April 2016	13,266
Utilised in the year	(13,266)
Additional provision in year	22,923
As at 31 March 2017	22,923

*Holiday Pay*

This represents holiday accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the statutory cost payable for the period of absence.

**18. Share Capital & Reserves**

	<b>2017 £</b>	<b>2016 £</b>
<i>Share Capital</i>		
Shares of £1 fully paid and issued at 1 April 2016	142	127
Shares issued during year	8	29
Shares cancelled during the year	(8)	(14)
Shares issued at 31 March 2017	142	142

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.

	<b>Revenue Reserves 2017 £</b>	<b>Revenue Reserves 2016 £</b>
<i>Reserves</i>		
At 1 April 2016	17,528,076	15,219,974
Surplus for year	267,482	2,308,102
At 31 March 2017	17,795,558	17,528,076

# PARKHEAD HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

(Continued)

### 19. Housing Stock

	2017	2016
	No.	No.
at the year end was:		
General needs - New build	757	721
- Rehabilitation	873	853
Shared Ownership	37	44
Supported Housing	9	9
	1,676	1,627

### 20. Cash flow from operating activities

	2017	2016
Surplus for year	253,489	2,308,102
Adjustments for non-cash items:		
Depreciation	2,391,943	2,203,815
Amortisation	(948,063)	(939,669)
Holiday pay accrual	9,657	(1,868)
Rent arrears NPV costs	4,447	(9,781)
Decrease in debtors	(123,974)	(73,150)
Decrease in creditors	(75,903)	26,407
Increase in provisions	1,312,000	(918,869)
Share capital cancelled	(8)	(14)
Gain on disposal of tangible fixed assets	-	(30,916)
Adjustments for investing or financing activities:		
Interest received	(51,313)	(71,832)
Interest paid	213,356	188,054
	2,985,631	2,680,279

### 21. Capital Commitments

	2017	2016
	£	£
Capital expenditure that has been authorised by the Board but has not been contracted for	-	250,000
Capital expenditure that has been contracted for but not provided in the financial statements	7,653,503	2,519,995
Capital commitments are expected to be funded as follows:		
Housing Association Grant	4,409,482	2,860,532
Private finance funding	3,244,021	2,519,995

# PARKHEAD HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

(Continued)

### 22. Pensions Obligations

#### Pension Fund

The Association is a member of the Local Government Pension Scheme (LGPS). The disclosure for the LGPS is as follows:

The last full Actuarial valuation was carried out as at 31 March 2014. The following information is based on updated information. This actuarial valuation of the scheme was carried out by independent actuaries at 31 March 2017 using the following assumptions.

Actuarial assumptions	2017	2016
Rate of increase in salaries	4.4%	4.2%
Expected return on assets	2.6%	3.5%
Discount rate	2.6%	3.5%
Post retirement mortality	Weighted average life expectancy for mortality tables used to determine benefit obligations	Weighted average life expectancy for mortality tables used to determine benefit obligations

The amounts recognised in the balance sheet are as follows:

	2017	2016
	£	£
Present value of funded obligations	(12,629,000)	(9,558,000)
Fair value of plan assets	9,290,000	7,531,000
Net Liability	(3,339,000)	(2,027,000)

**PARKHEAD HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2017**

**(Continued)**

**22. Pensions Obligations** (continued)

Changes in the present value of the defined benefit obligation are as follows:

Defined Benefit Plans	2017	2016
	£	£
Opening defined benefit obligation	9,558,000	10,263,000
Service cost	264,000	261,000
Member Contributions	76,000	63,000
Interest cost	335,000	330,000
Actuarial losses	2,668,000	(1,147,000)
Loss on curtailment	-	-
Past service costs	-	-
Benefits paid	(272,000)	(212,000)
Closing defined benefit obligation	12,629,000	9,558,000

Changes in the fair value of plan assets are as follows:

Defined Benefit Plans	2017	2016
	£	£
Opening plan assets	7,531,000	7,319,000
Expected return on assets	264,000	235,000
Actuarial (losses)/gains	1,456,000	(44,000)
Contributions by employer	205,000	170,000
Contributions by members	76,000	63,000
Benefits paid	(272,000)	(212,000)
Closing plan assets	9,260,000	7,531,000

The amounts recognised in income and expenditure account are as follows:

	2017	2016
	£	£
Current service cost	264,000	261,000
Interest on obligation	335,000	330,000
Expected return on plan assets	(264,000)	(235,000)
Loss on curtailments	-	-
Total	335,000	356,000

**PARKHEAD HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**AS AT 31 MARCH 2017**

**(Continued)**

**22. Pensions Obligations** (continued)

Changes in the amounts recognised in the statement of total recognised gains and (losses) are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Opening cumulative STRGL	(1,629,000)	(2,732,000)
Actuarial (losses)	1,182,000	1,103,000
	(447,000)	(1,629,000)

The major categories of plan assets as a percentage of total plan assets are as follows:

	<b>2017</b>	<b>2016</b>
Equities	73%	72%
Properties	12%	16%
Bonds	10%	12%
Other	5%	0%

The history of experience gains and losses is as follows:

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Difference between expected and actual return on scheme assets					
Amount £	1,486,000	(44,000)	134,000	97,000	494,000
Percentage of scheme assets	15.9%	0.58%	1.83%	1.32%	7.87%
Experience (loss)/gain arising on scheme liability					
Amount £	-	146,000	122,000	4,000	10,000
Percentage of scheme liabilities	-	1.53%	1.18%	-	0.00%
Total amount of actuarial (loss)/gain					
Amount £	1,182,000	1,103,000	1,113,000	243,000	400,000
Percentage of scheme liability	12.4%	11.54%	10.84%	2.85%	5.16%

The estimated Employer's contributions for the period to 31 March 2017 will be approximately £170,000.

# PARKHEAD HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

(Continued)

### 23. Related Parties

Seven (2016: Eight) Committee of Management members are also tenants of the Association. Their tenancies are on normal commercial terms. During the year £26,345 (2016: £23,018) of rent was receivable from these tenant members. At the year-end there were £668 (2016: £nil) of rent arrears due from these tenant members.

Amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year (2016: £nil) in respect of bad debts from related parties.

Parkhead Housing Association's Chief Executive currently serves as acting-Chair of Playbusters, a local charitable organisation. This is a voluntary role and attracts no remuneration.

Transactions between Parkhead Housing Association and its subsidiary are as follows:

	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>Purchases</b>	<b>Sales</b>	<b>Purchases</b>	<b>Sales</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Parkhead Development Company	183,124	33,791	-	-

	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>Due to</b>	<b>Due from</b>	<b>Due to</b>	<b>Due from</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Parkhead Development Company	33,842	852	-	-

All transactions were carried out under normal commercial terms.