

PARTICK HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

Financial Conduct Authority No. 1824 R (S)
Registered Housing Association No. HAL 168
Scottish Charity No. SC033751

FRENCH DUNCAN LLP
Statutory Auditor

Glasgow

PARTICK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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Registration Particulars:

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered Number 1824 R (S)
Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered Number HAL 168
Office of the Scottish Charity Regulator	Charity and Trust Investment (Scotland) Act 2005 Scottish Charity Number SC033751

PARTICK HOUSING ASSOCIATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2015

CHAIRPERSON

Leslie Milne

VICE CHAIRPERSON

Paul Robertson

SECRETARY

Stewart MacKenzie

EXECUTIVE OFFICERS

Lynn Wassell	Chief Executive (resigned 27 February 2015)
Stewart MacKenzie	Chief Executive (appointed 13 April 2015)
Eamonn Hughes	Finance Director
Nick Ronan	Property Services Director
Lynne Donnelly	Housing Services Director
Barry Shields	Head of ICT Business Services

REGISTERED OFFICE

10 Mansfield Street
Glasgow
G11 5QP

AUDITORS

FRENCH DUNCAN LLP
STATUTORY AUDITOR
133 FINNIESTON STREET
GLASGOW
G3 8HB

BANKERS

CLYDESDALE BANK
326 BYRES ROAD
GLASGOW
G12 8AN

SOLICITORS

MSM HART SMITH
43 CROW ROAD
GLASGOW
G11 7SH

PARTICK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

31 MARCH 2015

The Board of Management present their report and audited financial statements for the year ended 31 March 2015.

Principal Activity

The principal activity of the Association is the provision of affordable rented accommodation.

Partick Housing Association Limited is registered with the Financial Conduct Authority as a Registered Society, the Office of the Scottish Charity Regulator (OSCR) as a Charity and the Scottish Housing Regulator as a Registered Social Landlord.

Our vision

Working together, making homes and building communities.

We will nurture existing partnerships and forge new alliances to provide new homes, promote sustainable communities and support economic and social regeneration.

Our aims

- To provide valued, affordable homes and services
- To sustain, support and improve our communities
- To raise our profile and reputation as a leading organisation with a strong, influential voice
- To be a first-class employer - engaging, empowering and developing our staff
- To be green - promoting affordable, low-carbon living and work.

Our values

Our values are about who we are and the things that we believe in and drive us:

- Customers and communities first
- Fairness, respect, equality and diversity - giving and receiving
- Straight dealing, straight talking - being open, accountable and acting with integrity
- Innovative, creative and adaptable
- Honest, trustworthy and reliable - doing what we say we will do

Our key objectives

We have four key objectives during 2015 - 2018:

1. Delivering services that are right for you
2. Growing together - investing in you and your future
3. Listening to what our customers need and finding ways to make it happen
4. Providing value

We will be:

scrutinising and continuously improving services ...

working with our residents and scrutiny group to strengthen core performance; delivering what matters to customers through ensuring value for money, affordability and accountability across all our activities, in line with the Scottish Social Housing Charter (SSHC); benchmarking performance against best in class organisations and identifying service improvements; and responding to complaints and learning from any service failures

fair and supportive ...

recognising diverse needs and treating people equally and with respect; ensuring fair access to housing and services while maximising housing options and providing support to people through the challenges of welfare reform

PARTICK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

31 MARCH 2015

Our key objectives (cont.)

modern and innovative ...

modernising the way we communicate and deliver services through increasing and smarter use of IT, data and new technology - we will engage with customers and other stakeholders to market and improve what we do

investing and improving quality ...

investing in properties so that all our homes continue to meet the Scottish Housing Quality Standard (SHQS) and achieve the Energy Efficiency Standard for Social Housing (ESSH) by 2020

pioneering and inventive ...

finding innovative ways of working with partners to fund the development of new homes, stock investment and environmental/infrastructure improvements

growing and diversifying ...

identifying market opportunities; using business intelligence and evidence-based decision-making; and developing viable business cases for growing our stock and the number/range of customers that we serve

green and sustainable ...

implementing our green strategy; working smarter to minimise waste; promoting energy efficiency; and working with others to identify opportunities to enhance our back courts, open spaces and environment

understanding and focusing ...

building a clear profile of who our customers are; being aware of their changing needs and expectations; and tailoring our services and actions to greatest effect

listening and learning ...

engaging and working with our customers to do things better - encouraging feedback to improve our services and gaining a better insight into what matters to customers

engaging and regenerating ...

promoting opportunities for engagement; working in partnership with other organisations to secure resources to invest in meeting the needs of our customers and delivering community projects; and building strong, sustainable neighbourhoods, where people want to live, work and stay

advising and supporting ...

working with others to advise customers on housing options; promoting tenancy sustainment; and signposting service users with particular needs to specialist support or advice agencies who can help

smart and flexible ...

working in new and different ways to respond to change and deliver value for money; promoting the use of ICT and mobile technology to deliver services that meet the needs and expectations of our customers; operating a governance structure that is fit for purpose; and using our procurement strategy to drive best value

empowering and valuing ...

investing in the skills and potential of our people (residents, staff and governing body members) to build their capacity and make the most of their talents

clear and influential ...

strengthening strategic partnerships and developing new partnerships and shared services; and implementing our communications and engagement strategy so that we have a strong, respected and influential voice locally and nationally

prudent and resourceful ...

maximising our financial capacity; carrying out financial stress tests; complying with key banking covenants; and managing and mitigating our business risks

PARTICK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

31 MARCH 2015

Financial Review

Accounting Policies

The Association's accounting policies comply with UK Generally Accepted Accounting Principles. The major accounting policies in terms of impact on the financial statements are the treatment of capital grants, capitalised interest, the capitalisation of development staff costs within housing properties and the calculation of housing property depreciation.

Treasury Policy

The treasury function manages the Association's financial resources to ensure it can meet its financial obligations as they fall due.

During the year cash flow was positive (more cash generated than spent) by £9,435. This was the effect of net cash inflow from operating activities of £2,446,551, social housing grant received of £2,411,289 and loan finance received of £1,700,000 offset by development construction spend of £4,831,994, loan repayments of £1,306,988 and interest paid of £355,333.

Net debt increased in the year by £383,577 to £11,315,920 due to loan finance received of £1,700,000 offset by loan repayments of £1,306,988 and the increase in cash of £9,435.

The Association continues to apply its Treasury Management policy to maximise the resources available to it and is confident that it will continue to be able to access loan facilities when required albeit at much higher cost than the recent past.

Turnover

Total turnover decreased in the year by £2,587,332 to £7,272,553 due to property development sales decreasing by £3,127,605. Gross income from social rents and service charges increased in the year by 5.8% to £6,497,395 and voids amounted to £23,947 (i.e. 0.4% of gross income). Revenue grants for social letting activities increased in the year by £119,954 to £193,524.

Operating Costs

Operating costs increased in the year by 14.5% to £5,526,605 with housing maintenance costs increasing by 31.0% to £1,711,480 and housing depreciation increasing by 10.9% to £1,099,423.

Interest Covenants

Including the loss on sale of housing accommodation the Association's interest cover was 412% (2014 - 435%).

Balance Sheet

The net worth of the Association increased in the year by £1,107,669 to £16,513,720 represented by revenue reserves of £16,513,543 and issued share capital of £177.

PARTICK HOUSING ASSOCIATION LIMITED**REPORT OF THE BOARD OF MANAGEMENT****31 MARCH 2015****Surplus for the year and transfers**

The results for the year are shown in the Income and Expenditure Account on page 14. The surplus for the year of £1,107,704 (2014 - £1,194,296) has been transferred to revenue reserves.

Board of Management

The members of the Board of Management during the year to 31 March 2015 were as follows:

Leslie Milne (Chairperson)
Paul Robertson (Vice Chairperson)
Annette Bonar
Margaret Burke
Alastair Firth
Alan Howie
Edward Jones
Janet Napthine
Jennifer Young
Cheryl Osborne (resigned 21 January 2015)
Farahnaz Traquair (resigned 22 September 2014)
Hazel Brown (Co-optee)
Iain Nicolson (Co-optee) (appointed 17 September 2014)

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.

PARTICK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

31 MARCH 2015

Operational Review

Corporate Governance

The Association is the charitable parent of the group and has a clear and separate identity.

The members of the group are:

	<u>Activity</u>
Partick Housing Association Limited	Provision of rented accommodation
Partick Works Limited	Factoring, rental of commercial properties and development of real estate

Our governing body is our Board of Management, which is elected by and is responsible to the wider share membership. Board of Management members, who serve in a voluntary capacity are responsible for determining the overall direction of the Association, its strategy and policy. The Board exercises proper control over our activities and makes decisions in the best interests of the organisation and its service users. Standards of service delivery are set and monitored regularly through regular reporting.

We take governance very seriously and review our Governance policies and processes regularly. As part of that we undertake self assessment of our performance and ensure that we have the right mix of skills and expertise to meet the responsibilities which we hold. We operate to high ethical standards and conduct our business in accordance with our Code of Conduct.

The Executive Team is responsible for delivering the strategy set by the Board of Management and undertake the operational activities in line with the policies set.

This report details issues that have arisen during the year relating to the main activities undertaken by Partick Housing Association Limited.

Corporate Issues

Involvement and participation of our service users is a major part of the Association's aims and objectives, and we continue to review how we involve our service users in our activities through our customer engagement strategy.

Similarly the Association is committed to involving staff in decision making and policy making. We recognise that people are our most valuable resource and we are committed to engaging stakeholders in the development of our business planning process and ensuring that people have the skills and knowledge to enable our business objectives to be delivered.

Best use of resources

We regularly conduct risk assessments, and take any action necessary to reduce or limit risk. We have continued programmes of major investment in our housing stock. This includes both carrying out major repairs, and also considering whether any of our older schemes should be remodelled to meet the changing requirements of tenants in the future. We are updating our stock condition information, to ensure that our long-term financial planning reflects our future investment requirements. We have continued our programme of best value reviews, to look for efficiencies and economies in the way that we carry out business processes.

Services

We aim to deliver high quality services, and we set ourselves the goal of achieving continuous improvement in what we do. In our housing stock, we continued to invest in our major repairs programme and brought new schemes into management.

Our focus on rent arrears management continued, with clearer information to tenants, and a wider range of ways to pay. We continued to deliver many completed adaptations to existing properties, to meet the specific needs of our tenants.

PARTICK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

31 MARCH 2015

Operational Review

Other Areas

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;
- clarification of the responsibility of management to implement the Board's policies and to identify and evaluate risks for their consideration;
- communication that employees have responsibility for internal control as part of their accountability for achieving objectives;
- embedding the control system in the Association's operations so that it becomes part of the culture of the Association;
- developing systems to respond quickly to evolving risks arising from factors within the Association to changes in the external environment; and
- including procedures for reporting failings immediately to appropriate levels of management and the Board together with details of corrective action being undertaken.

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.

Maintenance policies

The Association seeks to maintain its properties to the highest standard, including day to day repairs and cyclical maintenance 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 replace components which have come to the end of their lives or to update standards as a result of legislative changes. The cost of these repairs would be charged to the Income and Expenditure Account, unless it was agreed they could be capitalised within the terms outlined in the SORP.

Treasury Management

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Board of Management. In this way the Association manages its borrowing arrangements to ensure that it is always in a position to meet its financial obligations as they fall due, whilst minimising excess cash and liquid resources held.

Employee Involvement and Health & Safety

The Association encourages employee involvement in all major initiatives and maintaining Health & Safety standards in all areas.

PARTICK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

31 MARCH 2015

Quality and Integrity of Personnel

The integrity and competence of personnel are ensured through high recruitment standards and subsequent training and development. High quality personnel are an essential part of the control environment and the ethical standards set out in policies are communicated to all by the Chief Executive.

Investment Appraisal

Capital expenditure is regulated by budgetary process and authorisation levels. For expenditure beyond specified levels, detailed written proposals have to be submitted to the Board. Reviews are carried out during the development period, to monitor expenditure and performance.

Budgetary Process

Each year the Board of Management 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 Management of variances from the budget, updated forecasts for the year together with information on the key risk areas. Approval procedures are in place in respect of major areas of risk such as major contract tenders, expenditure and treasury management.

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 sector.

Disabled employees

The Association is accredited as being Positive about Disability. Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with our Equal Opportunities Policy and their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to enable them to remain in employment, including making any alterations or re training 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.

General Reserves Policy

The Board members have reviewed the reserves of the Association. This review encompassed the nature of the income and expenditure streams, the need to match variable income with fixed commitments and the nature of the reserves. The Board of Management is satisfied that the Association has a sufficient level of reserves to meet future commitments. During the year the Association's general reserve increased from £15.41m to £16.51m (see note 15).

Home ownership

Properties are disposed of under the appropriate legislation and guidance. All costs, first tranche sales, and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

The Association sold one property under right to buy in the year.

PARTICK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

31 MARCH 2015

Developments

During 2014 the development at the Broomlea School site was tendered, tenders were returned, offers of grant were received and the contractor appointed. Work started on site in January 2015. The contract sum is £5.5 million and the total scheme cost is £7.7 million. The total grant subsidy is £3.2 million. By the end of the 2014/15 financial year £2.4 million had been spent on the project and grants totaling £2.2 million had been drawn down. This project will deliver 14 social rented houses, 18 mid market rent flats and a 14 bed-space supported accommodation facility.

During 2014/15 the Association acquired 7 tenemental flats from owner occupiers, on the open market with vacant possession, in common closes factored by Partick Works Limited. The flats are being upgraded and let as social rented units. The total cost of acquiring the flats and bringing them up to the Scottish Housing Quality Standard is £1.2 million. The total grant subsidy is £1.1 million. The acquisition of these flats will help Partick Works Limited to improve the management of the common closes in which they are located.

Future developments

The Association purchased a site at 32 Laurel Street in February 2015 for £450,000. An offer of grant covering the full price and legal fees was accepted and the funds drawn down. The development of this site will be progressed during 2015/16. It has the potential to deliver approximately 24 flats. The tenure mix of these units is yet to be determined.

Auditors

A resolution to reappoint French Duncan LLP, Statutory Auditor, as auditors will be put to the members at the annual general meeting.

On behalf of the Board of Management

Date:

26/03/2015

S MacKenzie

S MacKenzie : Secretary

PARTICK HOUSING ASSOCIATION LIMITED**STATEMENT OF BOARD OF MANAGEMENT RESPONSIBILITIES**

Under the legislation relating to Registered Societies we are required to prepare financial statements for each financial year which give a true and fair view of affairs of the Association and of the surplus or deficit for that period. In preparing those financial statements, the Board of Management are required to fulfil the following obligations:

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

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

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.

The Board of Management confirm that the financial statements comply with the requirements.

By order of the Board of Management

Date: 26/08/2015

S MacKenzie

S MacKenzie : Secretary

PARTICK HOUSING ASSOCIATION LIMITED
BOARD OF MANAGEMENT'S STATEMENT ON INTERNAL
FINANCIAL CONTROL

31 MARCH 2015

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

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

It is the Board 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 mis-statement or loss. Key elements include ensuring that:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets.
- Experienced and suitably qualified staff take responsibility for important business functions.
- 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 of Management have reviewed the system of internal financial control in the Association during the year ended 31 March 2015. 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 auditor's report on the financial statements.

By order of the Board of Management

Date: 26/08/2015

S MacKenzie

S MacKenzie : Secretary

PARTICK HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PARTICK HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Partick Housing Association Limited for the year ended 31 March 2015 set out on pages 14 to 39.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the Board and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Group accounts Section 98 of the Co-operative and Community Benefit Societies Act 2014

We agree with the opinion of the Board of Management of the Association that it would be of no real value to the members of the Association to consolidate or include the accounts of the Association's subsidiary, in the group accounts required to be prepared under Section 99 of the Co-operative and Community Benefit Societies Act 2014 for the year ended 31 March 2015, because the business of the Association and that of its subsidiary are so different they cannot be treated as a single undertaking.

Opinion on financial statements

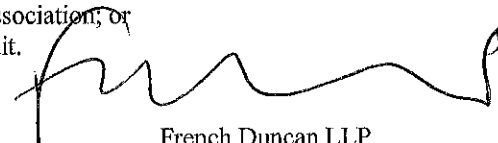
In our opinion the financial statements:

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

Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.



French Duncan LLP
 Statutory Auditor
 133 Finnieston Street
 Glasgow
 G3 8HB

Date: 28/08/2015

PARTICK HOUSING ASSOCIATION LIMITED**INDEPENDENT AUDITOR'S REPORT ON CORPORATE GOVERNANCE MATTERS****Corporate Governance**

In addition to our audit of the financial statements, we have reviewed the Board of Management's 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.

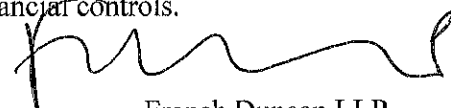
Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. 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.

Through enquiry of certain members of the Board of Management and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Board 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 contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



French Duncan LLP
Statutory Auditor
133 Finnieston Street
Glasgow
G3 8HB

Date: 28/08/2015

PARTICK HOUSING ASSOCIATION LIMITED
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

	<u>Notes</u>	2015	2014
		£	£
TURNOVER	2	7,272,553	9,859,885
Cost of sales	2	(228,277)	(3,355,882)
Operating costs	2	<u>(5,526,605)</u>	<u>(4,828,560)</u>
OPERATING SURPLUS	6	1,517,671	1,675,443
Loss on sale of housing accommodation		(86,352)	(160,221)
Interest receivable and other income		31,718	35,748
Interest payable	7	<u>(355,333)</u>	<u>(356,674)</u>
SURPLUS FOR THE YEAR		<u><u>1,107,704</u></u>	<u><u>1,194,296</u></u>

All amounts relate to continuing activities.

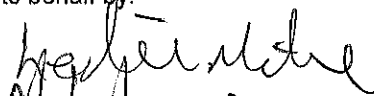
There were no recognised surpluses and deficits for 2015 and 2014 other than those included in the Income and Expenditure Account.

PARTICK HOUSING ASSOCIATION LIMITED
BALANCE SHEET AS AT 31 MARCH 2015

	<u>Notes</u>	2015	2014
		£	£
TANGIBLE FIXED ASSETS			
Housing properties less depreciation		111,467,246	107,877,628
Less: Social Housing & other grants	9(a)	<u>(85,450,072)</u>	<u>(83,093,705)</u>
	9(a)	<u>26,017,174</u>	<u>24,783,923</u>
Shared Equity Loan		2,564,188	2,564,188
Shared Equity Grant		<u>(2,564,188)</u>	<u>(2,564,188)</u>
		-	-
Other	9(b)	<u>861,462</u>	<u>842,356</u>
Investments	9(c)	<u>26,878,636</u>	<u>25,626,279</u>
		<u>1,000,000</u>	<u>1,000,000</u>
		<u>27,878,636</u>	<u>26,626,279</u>
CURRENT ASSETS			
Stock	10	-	-
Debtors	11	1,669,526	2,007,636
Cash at bank and in hand		<u>720,824</u>	<u>711,389</u>
		2,390,350	2,719,025
CURRENT LIABILITIES			
Creditors due within one year	12	<u>(2,073,345)</u>	<u>(2,852,503)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>317,005</u>	<u>(133,478)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		28,195,641	26,492,801
Creditors: amounts falling due after one year	13	<u>(11,681,921)</u>	<u>(11,086,750)</u>
NET ASSETS		<u>16,513,720</u>	<u>15,406,051</u>
CAPITAL AND RESERVES			
Called up Share Capital	14	177	212
Revenue Reserves	15	<u>16,513,543</u>	<u>15,405,839</u>
		<u>16,513,720</u>	<u>15,406,051</u>

These financial statements were approved and authorised for issue by the Board of Management and were signed on its behalf by:

Board member



L. MILNE

Board member



I. NICOLSON

Secretary



S. MACKENZIE

Date:

26/08/15 

PARTICK HOUSING ASSOCIATION LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015	2014
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	16	<u>2,446,551</u>	<u>4,969,755</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		31,718	35,748
Interest paid		<u>(355,333)</u>	<u>(356,674)</u>
		<u>(323,615)</u>	<u>(320,926)</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE		<u>2,122,936</u>	<u>4,648,829</u>
CAPITAL EXPENDITURE			
Cash paid for development, construction and purchasing of housing		(4,831,994)	(3,148,875)
Cash paid for purchase of other fixed assets		(128,493)	(582,372)
Social housing grant received		2,411,289	47,872
Proceeds on disposal of housing properties		42,676	103,266
		<u>(2,506,522)</u>	<u>(3,580,109)</u>
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		<u>(383,586)</u>	<u>1,068,720</u>
FINANCING			
Loan finance received		1,700,000	1,000,000
Loans repaid		(1,306,988)	(1,768,078)
Shares issued		9	4
		<u>393,021</u>	<u>(768,074)</u>
INCREASE IN CASH	17	<u>9,435</u>	<u>300,646</u>

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

1. Accounting Policies

(a) Introduction and accounting basis

The principal accounting policies of the Association are set out in the paragraphs (b) to (r) below.

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with The Financial Conduct Authority. The accounts have been prepared under the historical cost convention, and in compliance with the Determination of Accounting Requirements April 2012 and The Statement of Recommended Practice, Accounting by Registered Social Housing Providers 2010 and applicable Accounting Standards.

(b) Finance

The financial statements have been prepared on the basis that the capital expenditure referred to in note 9 will be grant aided, funded by loans or met out of reserves, or from proceeds of sales.

(c) Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from The Scottish Government, Local Authorities and other agencies, together with the proceeds of Shared Equity sales.

(d) Mortgages

Mortgage loans are advanced by private lenders under the terms of the individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval for Housing Association Grant by Glasgow City Council.

(e) Housing Association Grants

Housing Association Grants (HAG) are made by Glasgow City Council and are utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme. The amount of HAG is calculated on the qualifying cost (note 1(g)) of the scheme in accordance with instructions issued from time to time by The Scottish Government. HAG and other grants are repayable under certain circumstances. These include the disposal of the properties to which the grants relate.

(f) Housing Association Grant - acquisition and development allowances receivable

Acquisition and Development Allowances are determined by The Scottish Government and are advanced as grants by Glasgow City Council. They are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Development Allowances become available in instalments according to the progress of work on the scheme. These Allowances are credited to development costs when they are receivable.

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

(g) Fixed assets - Housing land and buildings (note 9 (a))

Properties included in housing properties are stated at cost. The cost of such properties includes the following:

- (i) cost of acquiring land and buildings;
- (ii) development expenditure including applicable overheads; and
- (iii) interest charged on the loans raised to finance the scheme.

These costs are either termed "qualifying costs" by The Scottish Government for approved HAG schemes and are considered for mortgage loans by the relevant lending authorities or they are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value before retentions are included in the financial statements for the year, provided that the dates of issue or valuations are prior to the year end.

Development costs are capitalised to the extent that they are attributable to specific schemes and where such costs are not felt to be excessive.

If expenditure does not qualify for HAG, it is nevertheless capitalised.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the scheme will not be developed to completion.

Interest on the loan financing the development is capitalised up to the relevant date of completion.

(h) Depreciation

(i) Housing Properties

Housing Properties are stated at cost, less social housing and other public grants and less accumulated depreciation. No depreciation is charged on the cost of land. The Association depreciates housing properties by major component on a straight line basis over the estimated useful lives of each identified component. All components are categorised as Housing Properties in note 9(a).

Component	Useful Economic Life
Kitchen	15 years
Central Heating System	15 years
Bathroom	25 years
Windows	30 years
Structure	50 years

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

(h) **Depreciation (cont.)**

(ii) **Other fixed assets**

Other fixed assets are stated at cost of purchase or construction less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets as follows:

Office Premises	-	50 years
Office Furniture & Equipment	-	4 years

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

(i) **Sale of housing properties**

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale.

(j) **Apportionment of management expenses**

Direct employee administration and operating costs have been apportioned to the income and expenditure account on the basis of costs of the staff to the extent that they are directly engaged in each of the operations dealt with in those accounts.

(k) **Lease obligations**

Rentals paid under operating leases are charged to the income and expenditure account on the accruals basis.

(l) **Pensions**

The Association participates in the centralised defined benefits Scottish Housing Associations' Pension Scheme and retirement benefits to employees of the Association are funded by contributions from all participating employers and employees in the Scheme. Payments are made to the independently administered Pensions Trust in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations and companies taken as a whole.

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

(m) **Value Added Tax**

The Association is VAT registered. However, a large proportion of the income, namely rents, is exempt for VAT purposes, and therefore gives rise to a partial exemption calculation. Expenditure as a result is shown inclusive of VAT.

(n) **Consolidation**

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

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

(o) Improvements

Improvements are capitalised where these result in an enhancement of the economic benefits of the property. Such enhancement can occur if the improvements result in:-

- an increase in rental income or
- a material reduction in future maintenance costs or
- a significant extension of the life of the property.

Works to existing properties, which fail to meet the above criteria, are charged to the income and expenditure account.

(p) Impairment of fixed assets

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income-generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income-generating unit exceeds the higher of its net realisable value or its value in use. Value in use represents the net present value of expected future cash flows from these units.

Impairment of assets would be recognised in the income and expenditure account.

(q) Stock

Stock of Shared Equity units is stated at cost, less grants.

Shared Equity is a scheme aimed at helping people on low incomes who wish to be homeowners but whose financial resources are insufficient to meet their needs because of local housing market prices. Shared Equity grant helps the Association to develop or purchase properties for shared equity purchasers who cannot afford to pay the full price of a property. A shared equity purchaser therefore takes an equity stake in a property, with the Association holding the remaining equity stake in that property.

(r) Shared Equity

Shared Equity transactions are grants received from The Scottish Government and passed onto an eligible beneficiary. The Scottish Government has a benefit of a fixed charge on the property. This entitles The Scottish Government to a share of the proceeds on the sale of the property by the beneficiary. These are classified as investments and are carried at historical cost with the linked finance cost (the grant received) being deducted from the gross amount of the Shared Equity asset.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

2 Particulars of turnover, operating costs and operating surplus or deficit

					2015	2014
	Note	Turnover	Cost of sales	Operating costs	Operating Surplus/ (Deficit)	Operating Surplus/ (Deficit)
		£	£	£	£	£
Social lettings	3(a)	6,666,972	-	5,383,800	1,283,172	1,493,047
Other activities	3(b)	605,581	228,277	142,805	234,499	182,396
Total		<u>7,272,553</u>	<u>228,277</u>	<u>5,526,605</u>	<u>1,517,671</u>	<u>1,675,443</u>
2014		<u>9,859,885</u>	<u>3,355,882</u>	<u>4,828,560</u>	<u>1,675,443</u>	

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

3(a) Particulars of turnover, operating costs and operating surplus or deficit from social letting activities

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Housing £	Other £	2015 Total £	2014 Total £
Rent receivable net of service charges	6,297,512	-	47,908	-	6,345,420	5,974,712
Service charges	151,975	-	-	-	151,975	165,784
Gross income from rents and service charges	6,449,487	-	47,908	-	6,497,395	6,140,496
Less voids	(23,947)	-	-	-	(23,947)	(26,206)
Net income from rents and service charges	6,425,540	-	47,908	-	6,473,448	6,114,290
Grants from the Scottish Ministers	193,524	-	-	-	193,524	73,570
Other revenue grants	-	-	-	-	-	-
Total turnover from social letting activities	6,619,064	-	47,908	-	6,666,972	6,187,860
Management and maintenance administration costs	2,414,064	-	18,365	-	2,432,429	2,241,770
Service costs	138,501	-	-	-	138,501	136,943
Planned and cyclical maintenance including major repairs costs	613,674	-	-	-	613,674	546,790
Reactive maintenance costs	1,097,806	-	-	-	1,097,806	759,863
Bad debts - rents and service charges	1,967	-	-	-	1,967	18,011
Depreciation of social housing	1,099,423	-	-	-	1,099,423	991,436
Impairment of social housing	-	-	-	-	-	-
Operating costs for social letting activities	5,365,435	-	18,365	-	5,383,800	4,694,813
Operating surplus or deficit for social lettings	1,253,629	-	29,543	-	1,283,172	1,493,047
Operating surplus or deficit for social letting for 2014	1,463,420	-	29,627	-	1,493,047	-

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £ Nil (2014 - £ Nil)

The total amount of major repairs expenditure incurred in the year was £613,674 (2014 - £546,790).

Capitalised works to existing properties included in fixed asset additions totalled £2,544,214 (2014 - £1,988,376).

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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3(b) Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers £	Other revenue grants £	Supporting people income £	Other income £	Total Turnover £	Operating costs - bad debts £	Other operating costs £	2015 Operating surplus or deficit £	2014 Operating surplus or deficit £
Wider role activities undertaken to support the community, other than the provision, construction, improvement and management of housing	126,832	-	-	-	126,832	-	113,064	13,768	(23,530)
Care and repair of property	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	-	29,741	(29,741)	(13,511)
Support activities	-	-	-	-	-	-	-	-	-
Care activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	107,716	107,716	-	-	107,716	64,437
Developments for sale to registered social landlords	158,261	-	-	70,016	228,277	-	228,277	-	-
Developments and improvements for sale to non registered social landlords	-	-	-	-	-	-	-	-	-
Other activities - Gift Aid	-	-	-	142,756	142,756	-	-	142,756	155,000
Other activities - Shared Equity sales	-	-	-	-	-	-	-	-	-
Total from other activities	285,093	-	-	320,488	605,581	-	371,082	234,499	182,396
Total from other activities for 2014	1,271,049	7,169	-	2,393,807	3,672,025	(3,554)	3,493,183	182,396	

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

4 Employees

	2015 Number	2014 Number
The average weekly number of persons employed during the year was:		
- management	4	5
- operational	34	29
	<u>38</u>	<u>34</u>

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

- management	4	4
- operational	31	27
	<u>35</u>	<u>31</u>

	2015 £	2014 £
Staff Costs:		
Wages & Salaries	1,140,657	1,198,861
National Insurance Contributions	70,009	85,790
Pension Contributions	426,849	207,832
	<u>1,637,515</u>	<u>1,492,483</u>
Agency employment costs	<u>21,016</u>	<u>10,525</u>

Pension contributions of £426,849 (2014 - £207,832) include past service deficit contributions of £297,127 (2014 - £103,492).

5 Directors' Emoluments

The Board of Management are all classed as Directors of the Association. All perform their duties on a voluntary basis and have no emoluments from the Association. In addition the Chief Executive and any other person who reports directly to the Chief Executive or the Board of Management whose total emoluments exceed £60,000 per year is also similarly classed.

	2015 £	2014 £
Total Emoluments (excluding pension contributions)	<u>64,051</u>	<u>68,823</u>
Emoluments of Chief Executive (excluding pension contributions)	<u>64,051</u>	<u>68,823</u>

The Chief Executive is an ordinary member of the Association's pension scheme described below. No enhanced or special terms apply to membership and the Chief Executive has no other pension arrangements to which the Association contribute. The Association's contributions for the Chief Executive in the year amounted to £8,701 (2014 - £8,372).

The number of Directors, including the Chief Executive, who received emoluments (excluding pension contributions) in the following range were as follows:

	2015 Number	2014 Number
£60,001 - £70,000	1	1

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

6 <u>Operating surplus</u>	2015	2014
	£	£
Operating surplus is stated after charging:-		
Depreciation	1,208,810	1,043,594
Loss on sale of housing accommodation	86,352	160,221
Loss on sale of other fixed assets	-	9,722
Auditors remuneration - audit services	11,650	11,300
other services	786	1,680
	<u>355,333</u>	<u>356,674</u>
7 <u>Interest Payable</u>	2015	2014
	£	£
On Bank Loans and Overdraft	355,333	356,674
On other loans	-	-
	<u>355,333</u>	<u>356,674</u>

8 Taxation

The Association received charitable status on 29 October 2002. There are no corporation tax charges on its charitable activities.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

9 Tangible Fixed Assets

(a) Housing

	Housing properties held for letting £	Housing properties under construction £	Shared ownership properties £	Environmental works/improvements £	Total £
Cost					
At 1 April 2014	110,817,563	2,289,929	315,906	-	113,423,398
Additions	3,201,732	1,630,262	-	-	4,831,994
Transfer to current assets	-	-	-	-	-
Transfers	40,430	-	(40,430)	-	-
Disposals	(227,421)	-	-	-	(227,421)
At 31 March 2015	113,832,304	3,920,191	275,476	-	118,027,971
HAGs and other grants					
At 1 April 2014	81,322,476	1,512,421	258,808	-	83,093,705
Additions	945,389	1,516,714	-	-	2,462,103
Transfer to current assets	-	-	-	-	-
Transfers	34,797	-	(34,797)	-	-
Amortisation of HAG	(50,814)	-	-	-	(50,814)
Repaid, abated and disposed of during year	(54,922)	-	-	-	(54,922)
At 31 March 2015	82,196,926	3,029,135	224,011	-	85,450,072
Depreciation					
At 1 April 2014	5,014,704	531,066	-	-	5,545,770
Transfers	-	-	-	-	-
Disposals	(84,468)	-	-	-	(84,468)
Charge for year	1,099,423	-	-	-	1,099,423
Impairment	-	-	-	-	-
At 31 March 2015	6,029,659	531,066	-	-	6,560,725
Net Book Value					
At 31 March 2015	25,605,719	359,990	51,465	-	26,017,174
At 31 March 2014	24,480,383	246,442	57,098	-	24,783,923

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

9 Tangible Fixed Assets (Continued)

(b) Other

	Office Premises £	Office Furniture & Equipment £	Total £
<u>Cost</u>			
At 1 April 2014	838,952	141,516	980,468
Additions	128,493	-	128,493
Disposals	-	-	-
At 31 March 2015	967,445	141,516	1,108,961
<u>Depreciation</u>			
At 1 April 2014	86,634	51,478	138,112
Charge for year	19,349	90,038	109,387
Disposals	-	-	-
At 31 March 2015	105,983	141,516	247,499
<u>Net Book Value</u>			
At 31 March 2015	861,462	-	861,462
At 31 March 2014	752,318	90,038	842,356

	2015 £	2014 £
<u>(c) Investments</u>		
Partick Works Limited	1,000,000	1,000,000

The Association holds all of the issued share capital in the the subsidiary, Partick Works Limited.
Partick Works Limited is a limited company registered in Scotland.

	Capital and Reserves £	Turnover £	Profit/(loss) for year £	Activity
Partick Works Limited	1,409,248	1,312,348	58,518	Factoring, rental of commercial properties and development of real estate

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

10 <u>Stock</u>	2015	2014
	£	£
New build development costs	-	-
Less: Grant received	-	-
	<u>-</u>	<u>-</u>

11 <u>Debtors</u>	2015	2014
	£	£
Gross arrears of rent and service charges	181,405	244,767
Less: Bad debt provision	(140,861)	(183,388)
Net arrears of rent and service charges	40,544	61,379
Development funding receivable	36,752	165,618
Other debtors	1,389,590	1,634,445
Prepayments and accrued income	202,640	146,194
	<u>1,669,526</u>	<u>2,007,636</u>

Other debtors include a balance due from the Association's subsidiary as follows:

Partick Works Limited	<u>1,267,224</u>	<u>1,575,237</u>
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The balance due from Partick Works Limited is receivable after one year.

12 <u>Creditors due within one year</u>	2015	2014
	£	£
Housing loans	354,823	556,982
Taxation and social security costs	29,280	30,548
Rent in advance	209,231	245,773
Accruals and deferred income	945,331	1,507,794
Other creditors	534,680	511,406
	<u>2,073,345</u>	<u>2,852,503</u>

13 <u>Creditors: amounts falling due after one year</u>	2015	2014
	£	£
Housing loans	<u>11,681,921</u>	<u>11,086,750</u>

Housing Loans are secured by specific charges on the Association's housing properties and are repayable at rates of interest of 1.07557% to 4.1% (2014: 1.05188% to 5.7%) in instalments due as follows:

- within one year	354,823	556,982
- between one and two years	520,725	354,823
- between two and five years	1,547,378	1,438,831
- in five years or more	9,613,818	9,293,096
	<u>12,036,744</u>	<u>11,643,732</u>
Less: Amount shown in Current Liabilities	354,823	556,982
	<u>11,681,921</u>	<u>11,086,750</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

14 <u>Share Capital</u>	2015	2014
	£	£
Shares of £1 each issued and fully paid		
At 1 April 2014	212	208
Issued in year	9	4
Cancelled in year	(44)	-
At 31 March 2015	<u>177</u>	<u>212</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividends or distributions on a winding up. Each member has a right to vote at members' meetings. Under the Association's rules, share capital is non refundable if a person ceases to be a member.

15 <u>Revenue Reserves</u>	2015	2014
	£	£
At 1 April 2014	15,405,839	14,211,543
Surplus for year	1,107,704	1,194,296
At 31 March 2015	<u>16,513,543</u>	<u>15,405,839</u>

16 <u>Reconciliation of Operating Surplus to Net Cash Inflow From Operating Activities</u>	2015	2014
	£	£
Operating surplus for the year	1,517,671	1,675,443
Shares forfeited in year	(44)	-
Depreciation	1,208,810	1,043,594
Loss on sale of other fixed assets	-	9,722
Decrease/(increase) in stock	-	1,901,285
Decrease in debtors	338,110	158,036
(Decrease)/increase in creditors	(617,996)	181,675
Net cash inflow from operating activities	<u>2,446,551</u>	<u>4,969,755</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

17 Reconciliation of Net Cashflow to Movement in Net Debt

	2015 £	2014 £
Increase in cash in year	9,435	300,646
Cash inflow from financing	(1,700,000)	(1,000,000)
Loans repaid	1,306,988	1,768,078
Change in net debt	(383,577)	1,068,724
Net Debt at 1 April 2014	(10,932,343)	(12,001,067)
Net Debt at 31 March 2015	(11,315,920)	(10,932,343)

18 Analysis of changes in Net Debt

	As at 1 April 2014 £	Cash Flows £	Other Changes £	As at 31 March 2015 £
Cash at bank and in hand	711,389	9,435	-	720,824
Debt due within 1 year	(556,982)	1,306,988	(1,104,829)	(354,823)
Debt due after 1 year	(11,086,750)	(1,700,000)	1,104,829	(11,681,921)
	(10,932,343)	(383,577)	-	(11,315,920)

19 Housing Stock

	2015 Number	2014 Number
The number of units of accommodation owned and managed by the Association at the year end was		
General Needs Housing	1,738	1,731
Shared Ownership	23	24
	1,761	1,755
The number of units owned by the Association and managed on behalf of the Association by Partick Works Limited was		
Mid Market Rents	22	22

20 Capital Commitments

	2015 £	2014 £
Expenditure contracted less certified	5,460,187	-
The proposed financing of capital commitments was:		
	2015 £	2014 £
HAG funded	1,087,922	-
Private finance	4,372,265	-
	5,460,187	-

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

21 Pension Obligations

PENSION OBLIGATIONS – MAIN PLAN

Partick Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme').

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

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted-in.
- Defined Contribution (DC) option.

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum of three months' prior notice.

Partick Housing Association Limited has elected to operate the

- Final salary with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Defined Contribution (DC) option

benefit options for active members as at 1 April 2014 and the

- Final salary with a 1/60th accrual rate
- Career average revalued earnings with a 1/70th accrual rate
- Defined Contribution (DC) option

benefit options for new entrants from 1 April 2014.

During the accounting period Partick Housing Association Limited paid contributions at the rate of 10.45% to 13.3% of pensionable salaries. Member contributions varied between 5% and 12.3%.

As at the balance sheet date there were thirty six active members of the Scheme employed by Partick Housing Association Limited. The annual pensionable payroll in respect of these members was £1,119,039. Partick Housing Association Limited continues to offer membership of the Scheme to its employees.

PARTICK HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015****21 Pension Obligations (Cont.)**

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

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2014. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

21 Pension Obligations (Cont.)

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

2012 Valuation Assumptions	% p.a.
Investment return pre retirement	5.3
Investment return post retirement - Non-pensioners	3.4
Investment return post retirement - Pensioners	3.4
Rate of salary increases	4.1
Rate of pension increases	
- Pension accrued pre 6 April 2005 in excess of GMP	2.0
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)	1.7
Rate of price inflation	2.6

Mortality Tables	
Non-pensioners	44% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females
Pensioners	90% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females

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

Additional deficit contributions are payable from 1 April 2014 and will increase by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions.

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

21 Pension Obligations (Cont.)

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis, i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Partick Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2014. As of this date the estimated employer debt for Partick Housing Association Limited was £11,734,904.

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

21 Pension Obligations (Cont.)

PENSION OBLIGATIONS – GROWTH PLAN

Partick Housing Association Limited participates in The Pension Trust's Growth Plan ('the Plan'). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them. Partick Housing Association Limited paid contributions at the rate of nil% during the accounting period. Members paid contributions of no fixed percentage during the accounting period. As at the balance sheet date there were nine active member of the Plan employed by Partick Housing Association Limited. Partick Housing Association Limited continues to offer membership of the Plan to its employees.

PARTICK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

21 Pension Obligations (Cont.)

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the year under FRS17 represents the employer contribution payable.

The valuation results at 30 September 2011 were completed in 2012 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% p.a.
Rate of return pre retirement	4.9
Rate of return post retirement:	
Active/Deferred	4.2
Pensioners	4.2
Bonuses on accrued benefits	0.0
Inflation: Retail Prices Index (RPI)	2.9
Inflation: Consumer Prices Index (CPI)	2.4

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary is currently finalising the 2014 valuation and results will be communicated in due course. At 30 September 2013, the market value of the Plan's assets was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) were £927 million. The update therefore revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.

PARTICK HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015****21 Pension Obligations (Cont.)**

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

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to The Pensions Regulator on 2 October 2012, as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. Therefore, the amounts of debt can be volatile over time.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.

PARTICK HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2015****21 Pension Obligations (Cont.)**

The Growth Plan is a “last man standing” multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore jointly and severally liable for the deficit in the Growth Plan.

Partick Housing Association Limited has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2014. As of this date the estimated employer debt for Partick Housing Association Limited was £24,560.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

22 Related Party Transactions

Several members of the Board of Management are tenants. Their tenancies are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

During the year Partick Works Limited paid funds to the Association.

The following related party transactions took place during the year:

Name	Relationship	Transaction	Amount	Balance due (to)/from at 31 March 2015
			£	£
Partick Works Limited	subsidiary	Funds received	(477,424)	
		Interest charged	26,655	
		Gift Aid Payment	142,756	1,267,224

The comparatives for the previous year are:

Name	Relationship	Transaction	Amount	Balance due (to)/from at 31 March 2014
			£	£
Partick Works Limited	subsidiary	Funds given	72,748	
		Interest charged	29,835	
		Gift Aid Payment	155,000	1,575,237