

PARTICK HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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 2017

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**PARTICK HOUSING ASSOCIATION LIMITED
BOARD, EXECUTIVE OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 MARCH 2017**

CHAIRPERSON

Leslie Milne

VICE CHAIRPERSON

Iain Nicolson

BOARD MEMBERS

Annette Bonar
Hazel Brown (resigned 23 May 2016)
Margaret Burke
Alastair Firth
Alan Howie
Edward Jones (deceased 28 January 2017)
Iain Mackenzie
Janet Napthine
Helen Turner
Jennifer Young
David Downie (appointed 21 June 2017)
Yvonne MacQuarrie (appointed 21 June 2017)

SECRETARY

Stewart MacKenzie

EXECUTIVE OFFICERS

Stewart MacKenzie	Chief Executive
Eamonn Hughes	Finance Director
Nick Ronan	Development Director
Georgina Kent	Operations Director

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

BTO
Solicitors
48 St Vincent Street
Glasgow
G2 5HS

PARTICK HOUSING ASSOCIATION LIMITED REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2017

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

Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No. 1824 R (S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SCO33751.

Principal Activity

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

Financial Review

The Association has had another successful financial year. The reported surplus of £3.2m for the year includes non cash adjustments of £2.2m related to accounting changes in the Associations share of the Defined Benefit pension deficit of the Scottish Housing Association sectors multi employer pension scheme. The underlying surplus for the year, net of the pension scheme movement, was a surplus of £949k. The Association has used this surplus and other funds to continue with its investment programme in our housing stock and new developments spending £3.7m in this area during the financial year.

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 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 negative (less cash generated than spent) by £2,429,042. This was the effect of net cash inflow from operating activities of £3,432,741, social housing grant received of £424,058, proceeds of £669,577 received on disposal of properties offset by investment and development construction spend of £3,690,738, loan repayments of £2,053,273 and interest paid of £1,258,978.

Net debt increased in the year by £375,768 to £14,503,393 due to loan repayments of £2,053,273 and the decrease in cash of £2,429,042.

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

PARTICK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2017

Revenue

Total revenue increased in the year by £476,457 to £7,597,335. Gross income from social rents and service charges increased in the year by 2.87% to £6,993,554 due to increased net rental income of £200,697 (partly due to the completion of our new development at Broomlea drive) and voids amounted to £19,198 (i.e. 0.27% of gross income). Revenue grants for social letting activities decreased in the year by £8,881 to £85,085. Non social housing income increased by £205,824 due to an increased gift aid payment received from the subsidiary of £155,553 and increased lease income from the mid market rent properties at Broomlea Drive of £61,430.

Operating Costs

Operating costs increased in the year by 0.98% to £5,341,049 with housing maintenance costs decreasing by 20.08% to £1,305,905 and housing depreciation increasing by 13.21% to £1,667,657. Including the loss on sale of housing accommodation the Association's interest cover was 186% (2016 - 787%).

Statement of Financial Position (Balance Sheet)

The net worth of the Association increased in the year by £3,189,892 to £40,515,187 represented by revenue reserves of £40,515,011 and issued share capital of £176.

Surplus for the year and transfers

The results for the year are shown in the Statement of Comprehensive Income on page 14. The surplus for the year of £3,189,893 (2016 - £1,240,558) has been transferred to revenue reserves.

Operational Review

The Association completed its latest development at Broomlea Drive during the year which has added an additional 14 houses, 18 mid-market rent flats and a 14 bedroom supported accommodation unit for Crossreach (the social care arm of the Church of Scotland) to our housing stock. We have also continued with our component replacement programme for existing homes spending an additional £1.7m on improvements as well as £1.3m on cyclical and reactive maintenance. The Association has also commissioned a full stock survey to determine what further investment will be required in our stock in the next 5-10 years.

**PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

Corporate Governance

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

Activity

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 undertakes 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.

PARTICK HOUSING ASSOCIATION LIMITED REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2017

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 a new scheme 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.

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.

**PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

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 Statement of Comprehensive Income.

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 Statement of Comprehensive Income, 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.

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 Audit Committee and 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.

PARTICK HOUSING ASSOCIATION LIMITED REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2017

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 £37.3m to £40.5m (see note 18).

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 eleven properties under right to buy in the year.

Developments

During 2016/17 the development at the Broomlea School site was completed. This project has delivered 14 social rented houses, 18 mid market rent flats and a 14 bed-space supported accommodation facility.

During 2016/17 the Association acquired 1 flat from an owner occupier, on the open market with vacant possession, in a block factored by Partick Works Limited. The flat has been upgraded and let as a social rented unit. The total cost of acquiring the flat was £126k with grant received to cover this cost. The acquisition of this flat will help Partick Works Limited improve the management of the common block in which it is located.

PARTICK HOUSING ASSOCIATION LIMITED REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2017

Future developments

The Association purchased the site of the former St Peters School on Chancellor Street in March 2016 for £1.3m. An offer of grant covering the full price and legal fees was accepted and the funds drawn down. The development of this site is scheduled to commence in autumn 2017. It has the potential to deliver 60 flats. The proposed tenure mix of these units will be 39 social rent and 21 mid market rent flats. We are also in the process of seeking planning permission to develop a site in Laurel Street which was also acquired in 2016. This development is expected to be finally approved in 2018 delivering a further 24 flats.

Statement of Board of Management's Responsibilities

The Co-operative and Community Benefit Act 2014 require the Board of Management 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 is required to:-

- 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 - 2014. 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. They are also responsible for ensuring the Association's suppliers are paid promptly.

The Board of Management must, in determining how amounts are presented within items in the Statement of Comprehensive Income & Statement of Financial Position, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

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 these requirements.

**PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

Statement on Internal Financial Control

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 and annual appraisal procedures have been established to maintain standards of performance.
- 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; quarterly management reports are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variance from budgets are investigated as appropriate.
- Regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Management.
- 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 and that a general review of the major risks facing the Association is undertaken.
- Formal procedures have been established for instituting appropriate action to correct 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 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 auditor's report on the financial statements.

**PARTICK HOUSING ASSOCIATION LIMITED
REPORT OF THE BOARD OF MANAGEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

Auditors

The Association is currently tendering our audit services and a resolution to appoint the successful tenderer as auditors will be put to the members at the annual general meeting.

By order of the Board of Management

A handwritten signature in black ink, appearing to read 'S MacKenzie', with a stylized flourish at the end.

S MacKenzie: Secretary

Date: 23 August 2017

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 2017 which comprise a statement of comprehensive income, statement of financial position, statement of cash flows and related notes. 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.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditor

As explained more fully in the Board's Responsibilities Statement set out on page 8, 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

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

Opinion on financial statements

In our opinion the financial statements:

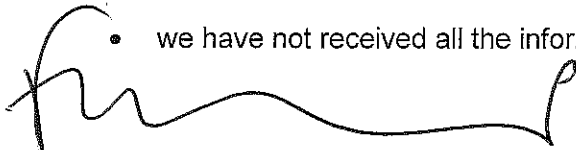
- give a true and fair view of the state of the Association's affairs as at 31 March 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements December 2014.

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

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
Chartered Accountants
Statutory Auditors
133 Finnieston Street
Glasgow
G3 8HB

Date: 31/08/2017

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 9 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 Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on page 9 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
Chartered Accountants
Statutory Auditors
133 Finnieston Street
Glasgow
G3 8HB

Date: 31/08/2017

PARTICK HOUSING ASSOCIATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	£	2017 £	£	2016 £
REVENUE	2		7,597,335		7,120,878
Operating Costs	2		(5,341,049)		(5,289,374)
OPERATING SURPLUS	6		<u>2,256,286</u>		<u>1,831,504</u>
Gain (Loss) On Sale Of Housing Stock		3,232		(119,067)	
Interest Receivable and Other Income		47,563		41,519	
Interest Payable and Similar Charges	7	(1,258,978)		(410,244)	
Other Finance Charges	8	(99,210)		(103,154)	
			<u>(1,307,393)</u>	<u></u>	<u>(590,946)</u>
SURPLUS FOR YEAR			<u>948,893</u>		<u>1,240,558</u>
Other Comprehensive Income - Pension Deficit Future Contributions Reduction	21		2,241,000		-
TOTAL COMPREHENSIVE INCOME			<u>3,189,893</u>		<u>1,240,558</u>

The notes on pages 18 to 31 form part of these financial statements.

PARTICK HOUSING ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Notes	2017 £	2016 £
NON-CURRENT ASSETS			
Housing Properties - Depreciated Cost	10 (a)	62,701,936	61,180,358
Other Non Current Assets	10 (b)	822,764	842,113
		<u>63,524,700</u>	<u>62,022,471</u>
Investments	11	1,000,000	1,000,000
Total Non Current assets		<u>64,524,700</u>	<u>63,022,471</u>
CURRENT ASSETS			
Debtors	12	2,145,241	2,739,746
Cash at bank and in hand		725,260	3,154,302
		<u>2,870,501</u>	<u>5,894,047</u>
CREDITORS: Amounts falling due within one year	13	<u>(2,490,651)</u>	<u>(3,148,157)</u>
NET CURRENT ASSETS/(LIABILITIES)		379,850	2,745,890
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>64,904,550</u>	<u>65,768,361</u>
CREDITORS: Amounts falling due after more than one year	14	(16,878,835)	(21,218,904)
DEFERRED INCOME			
Social Housing Grants	16	(7,510,528)	(7,224,162)
NET ASSETS		<u>40,515,187</u>	<u>37,325,295</u>
EQUITY			
Share Capital	17	176	177
Revenue Reserves	18	40,515,011	37,325,118
		<u>40,515,187</u>	<u>37,325,295</u>

The notes on pages 18 to 31 form part of these financial statements.

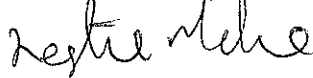
The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 23rd August 2017.

Chairperson

Board Member

Secretary

Leslie Milne



Margaret Burke



Stewart MacKenzie



PARTICK HOUSING ASSOCIATION LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017	2016
		£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	15	3,432,741	2,583,304
INVESTING ACTIVITIES			
Acquisition and Construction of Properties		(3,690,738)	(8,075,569)
Purchase of other Fixed Assets		-	-
Social Housing Grant Received		424,058	3,014,916
Proceeds on Disposal of Properties		<u>669,577</u>	<u>34,351</u>
Net Cash Outflow from Investing Activities		(2,597,103)	(5,026,303)
FINANCING ACTIVITIES			
Interest received on Cash and Cash Equivalents		47,563	41,519
Interest paid on Loans		(1,258,978)	(410,244)
Loan finance received		-	5,600,000
Loans Principal Repayments		(2,053,273)	(354,817)
Shares issued		<u>8</u>	<u>19</u>
Net Cash (Outflow) / Inflow from Financing		<u>(3,264,680)</u>	<u>4,876,476</u>
(Decrease) / Increase in Cash		(2,429,042)	2,433,477
Opening Cash & Cash Equivalents		<u>3,154,302</u>	<u>720,824</u>
Closing Cash & Cash Equivalents		<u>725,260</u>	<u>3,154,302</u>

The notes on pages 18 to 31 form part of these financial statements.

PARTICK HOUSING ASSOCIATION LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2017

	Share Capital £	Revenue Reserves £	Total £
Balance as at 1st April 2016	177	37,325,118	37,325,295
Issue of Shares	8	-	8
Cancellation of Shares	(9)	-	(9)
Surplus for year	-	3,189,893	3,189,893
Balance as at 31st March 2017	176	40,515,011	40,515,187

	Share Capital £	Revenue Reserve £	Total £
Balance as at 1st April 2015	177	36,084,560	36,084,737
Issue of Shares	19	-	19
Cancellation of Shares	(19)	-	(19)
Surplus for year	-	1,240,558	1,240,558
Balance as at 31st March 2016	177	37,325,118	37,325,295

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1 PRINCIPAL ACCOUNTING POLICIES

The Association is incorporated under the Co-Operative and Community Benefits Society Act 2014 and is registered by the Financial Conduct Authority. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102.

Revenue

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

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

Accounting Judgements and Estimations

The preparation of financial statements requires the use of certain accounting estimates. It also requires the Board to exercise judgment in applying the Association's Accounting Policies. The areas requiring a higher degree of judgment, or complexity, and areas where assumptions or estimates are most significant to the financial statements, is disclosed below:

Rent Arrears – Bad Debt Provision

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

Life Cycle of Components

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

Pensions

The Association participates in the Scottish Housing Associations' Pension Scheme and 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 Association accounts for amounts that it has agreed to pay towards the Scheme deficit in accordance with paragraph 28.11A of FRS 102. The present value of this liability has been recognised in the Statement of Financial Position. The discount rate applied to this obligation is that of a yield rate for a high quality corporate bond. Further details on the scheme are contained in note 21.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

Going Concern

The Board have assessed the Association's ability to continue as a going concern and have reasonable expectations that the Association has adequate resources to continue as a going concern and have reasonable expectations 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 these financial statements.

Valuation of Housing Properties

The Association elected under paragraph 35.10 of FRS 102 to revalue its social housing properties at the date of transition to FRS 102 (April 2014) and to treat this one-off valuation as the 'deemed cost' of the properties. The properties were valued on an Existing Use Value for Social Housing (EUV-SH) basis by an independent professional advisor qualified by the Royal Institution of Chartered Surveyors to undertake valuations.

Additions to Housing properties from 1 April 2014 are stated at cost less accumulated depreciation. Housing under construction and land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful lives of each identified component. All components are categorised as Housing Properties within note 10(a). Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

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

Depreciation and Impairment of Other Non-Current Assets

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

Office Premises	- 2 %
Office Furniture & Equipment	- 25%

The carrying value of non-current assets is reviewed for impairment at the end of each reporting period.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and other capital grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which it relates. Social Housing Grant attributed to individual components is written off to the Statement of Comprehensive Income in the same period as the expenditure to which it relates. Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

Sale of Housing Properties

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

Lease Obligations

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Works to Existing Properties

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

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.

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 (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

1 PRINCIPAL ACCOUNTING POLICIES (Continued)

Key Judgements made in the application of Accounting Policies

(a) The Categorisation of Housing Properties

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

(b) Identification of cash generating units

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

Financial Instruments – Basic

The Association recognises basic financial instruments in accordance with Section 11 of the Financial Reporting Standard.

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

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

2 PARTICULARS OF REVENUE, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	Notes	2017 Revenue £	2017 Operating Costs £	Operating Surplus / (Deficit) £	2016 Revenue £	2016 Operating Costs £	Operating Surplus / (Deficit) £
Social Lettings	3 (a)	7,197,133	5,210,653	1,986,480	6,926,500	5,283,294	1,643,205
Other Activities	3 (b)	400,202	130,396	269,806	194,378	6,080	188,299
Total		<u>7,597,335</u>	<u>5,341,049</u>	<u>2,256,286</u>	<u>7,120,878</u>	<u>5,289,374</u>	<u>1,831,504</u>

3 (a) PARTICULARS OF INCOME & EXPENDITURE FROM SOCIAL LETTINGS

	General Needs Housing £	Shared ownership £	2017 Total £	2016 Total £
Revenue from Lettings				
Rent Receivable Net of Identifiable Service Charges	6,786,503	44,004	6,830,507	6,644,565
Service Charges Receivable	163,047	-	163,047	148,291
Gross Rents Receivable	6,949,550	44,004	6,993,554	6,792,857
Less: Rent losses from voids	(19,198)	-	(19,198)	(29,318)
Net Rents Receivable	6,930,351	44,004	6,974,355	6,763,539
Amortisation of Social Housing Grants and Other Grants	137,692	-	137,692	68,996
Revenue Grants from Scottish Ministers	85,085	-	85,085	93,966
Total Income From Social Letting	<u>7,153,129</u>	<u>44,004</u>	<u>7,197,133</u>	<u>6,926,500</u>
Expenditure on Social Letting Activities				
Service Costs	140,515	-	140,515	122,722
Management and maintenance administration costs	1,758,769	11,886	1,770,654	1,658,103
Pension Deficit Payment	324,778	-	324,778	389,878
Reactive Maintenance	862,401	-	862,401	1,090,064
Bad Debts - Rents and Service Charges	1,144	-	1,144	5,495
Planned and Cyclical Maintenance, including Major Repairs	443,504	-	443,504	544,030
Depreciation of Social Housing	1,659,632	8,025	1,667,657	1,473,002
Operating Costs of Social Letting	<u>5,190,742</u>	<u>19,911</u>	<u>5,210,653</u>	<u>5,283,294</u>
Operating Surplus on Social Letting Activities	<u>1,962,387</u>	<u>24,093</u>	<u>1,986,480</u>	<u>1,643,205</u>
2016	<u>1,623,511</u>	<u>19,694</u>	<u>1,643,205</u>	

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

3(b) PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants From Scottish Ministers £	Other Income £	Total Turnover £	Operating Costs £	Operating Surplus / (Deficit) 2017 £	Operating Surplus / (Deficit) 2016 £
Wider Role Activities	3,286	-	3,286	12,200	(8,914)	8,366
Support Activities	-	-	-	-	-	-
Gift Aid from Trading Subsidiary	-	223,490	223,490	-	223,490	67,937
Other Income/Expenditure	-	173,426	173,426	118,196	55,229	111,995
Total From Other Activities	3,286	396,916	400,202	130,396	269,806	188,299
2016	14,446	179,932	194,378	6,080	188,299	

4 EMPLOYEE INFORMATION

The average weekly number of persons employed during the year was:

- management
- operational

2017 Number	2016 Number
4	5
44	45
<u>48</u>	<u>50</u>

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

- management
- operational

2017 Number	2016 Number
4	5
40	40
<u>44</u>	<u>45</u>

Staff Costs:

	2017 £	2016 £
Wages & Salaries	1,394,852	1,510,402
National Insurance Contributions	89,971	88,947
Pension Contributions	537,897	546,806
	<u>2,022,720</u>	<u>2,146,155</u>
Agency employment costs	<u>18,454</u>	<u>23,043</u>

Pension contributions of £537,897 (2016 - £546,806) include past service deficit contributions of £397,738 (2016 - £386,569).

Partick Housing Association employs all of the staff that work for the group. The total staff costs have been apportioned to the trading subsidiary on the basis of time spent as follows:

	2017 £	2016 £
Partick Housing Association	1,089,481	1,182,430
Partick Works Limited (Trading Subsidiary)	305,371	327,972
	<u>1,394,852</u>	<u>1,510,402</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

5 OFFICERS' EMOLUMENTS

The Officers are defined as the members of the Board of Management, the executive officers and employees of the Association reporting directly to the Chief Executive or Board of Management.

No emoluments have been paid to any member of the Board Of Management.

One Officer of the Association received emoluments greater than £60,000. Aggregate emoluments payable to Officers with Emoluments greater than £60,000 (excluding pensions contributions):

	2017	2016
	£	£
Total Emoluments (excluding pension contributions)	74,231	73,618
Emoluments of Chief Executive (excluding pension contributions)	74,231	73,618

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 £7,645 (2016 - £9,350).

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

	2017 Number	2016 Number
£60,001 - £70,000	-	-
£70,001 - £80,000	1	1

6 SURPLUS FOR YEAR

Operating surplus is stated after charging:-

	2017 £	2016 £
Depreciation	1,724,842	1,492,351
(Gain) / Loss on sale of housing accommodation	(3,232)	119,067
Loss on sale of other fixed assets	-	-
Auditors remuneration - audit services	16,322	11,555
other services	810	769

7 INTEREST PAYABLE & SIMILAR CHARGES

	2017 £	2016 £
On Bank Loans and Overdraft	1,258,978	410,244
On other loans	-	-
	1,258,978	410,244

Interest payable 2017 includes one off breakage costs of £855k on a fixed rate loan.

8 OTHER FINANCE CHARGES

	2017 £	2016 £
Unwinding of Discounted Liabilities	99,210	103,154

9 TAXATION

The Association received charitable status on 29 October 2002. There are no corporation tax charges on its charitable activities. Group non charitable activities are carried out by Partick Works Limited.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

10 NON-CURRENT ASSETS

(a) Housing Properties	Housing properties held for letting £	Housing properties under construction £	Shared Ownership housing properties £	Total £
<u>Cost</u>				
At 1 April 2016	54,769,424	8,686,995	561,096	64,017,515
Additions	3,216,081	474,657	-	3,690,738
Transfer to current assets	-	-	-	-
Transfers	6,599,372	(6,566,570)	(32,802)	-
Disposals	(505,372)	-	-	(505,372)
At 31 March 2017	<u>64,079,505</u>	<u>2,595,082</u>	<u>528,294</u>	<u>67,202,881</u>
<u>Depreciation</u>				
At 1 April 2016	2,816,057	-	21,101	2,837,158
Transfers	1,050	-	(1,050)	-
Disposals	(41,706)	-	-	(41,706)
Charge for year	1,697,468	-	8,025	1,705,493
Impairment	-	-	-	-
At 31 March 2017	<u>4,472,869</u>	<u>-</u>	<u>28,076</u>	<u>4,500,945</u>
<u>Net Book Value</u>				
At 31 March 2017	<u>59,606,636</u>	<u>2,595,082</u>	<u>500,218</u>	<u>62,701,936</u>
At 31 March 2016	<u>51,953,368</u>	<u>8,686,995</u>	<u>539,995</u>	<u>61,180,358</u>

(b) Other Tangible Assets

	Office Premises £	Office Furniture & Equipment £	Total £
<u>Cost</u>			
At 1 April 2016	967,445	141,516	1,108,961
Additions	-	-	-
Disposals	-	-	-
At 31 March 2017	<u>967,445</u>	<u>141,516</u>	<u>1,108,961</u>
<u>Depreciation</u>			
At 1 April 2016	125,332	141,516	266,848
Charge for year	19,349	-	19,349
Disposals	-	-	-
At 31 March 2017	<u>144,681</u>	<u>141,516</u>	<u>286,197</u>
<u>Net Book Value</u>			
At 31 March 2017	<u>822,764</u>	<u>-</u>	<u>822,764</u>
At 31 March 2016	<u>842,113</u>	<u>-</u>	<u>842,113</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

11 INVESTMENTS	2017 £	2016 £
Partick Works Limited	<u>1,000,000</u>	<u>1,000,000</u>

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

	Capital and Reserves £	Turnover £	Profit/(loss) for year £
Partick Works Limited	<u>1,593,557</u>	<u>1,393,787</u>	<u>147,941</u>

Activity

Factoring, rental of commercial properties and development of real estate.

12 DEBTORS	2017 £	2016 £
Gross arrears of rent and service charges	164,743	182,648
Less: Bad debt provision	<u>(141,810)</u>	<u>(151,177)</u>
Net arrears of rent and service charges	22,933	31,472
Development funding receivable	-	595,554
Other debtors	1,978,946	1,931,274
Prepayments and accrued income	<u>143,362</u>	<u>181,445</u>
	<u>2,145,241</u>	<u>2,739,746</u>

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

Partick Works Limited	<u>1,661,732</u>	<u>1,875,073</u>
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The balance due from Partick Works Limited is receivable after one year.

13 CREDITORS DUE WITHIN ONE YEAR	2017 £	2016 £
Housing loans	18,824	222,723
Taxation and social security costs	33,852	36,702
Rent in advance	225,014	194,842
Accruals and deferred income	614,607	992,120
Liability for Past Pension Service Contributions	408,126	384,000
Other creditors	<u>1,190,228</u>	<u>1,317,770</u>
	<u>2,490,651</u>	<u>3,148,157</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

14 CREDITORS AMOUNTS FALLING DUE AFTER ONE YEAR

	2017	2016
	£	£
Housing loans	15,209,829	17,059,204
Liability for Past Pension Service Contributions	1,669,006	4,159,700
	<u>16,878,835</u>	<u>21,218,904</u>

Housing Loans are secured by specific charges on the Association's housing properties and are repayable at rates of interest of 1% to 2.5% (2016: 1% to 4.1%) in instalments due as follows:

- within one year	18,824	222,723
- between one and two years	17,106	740,912
- between two and five years	51,827	2,217,827
- in five years or more	<u>15,140,896</u>	<u>14,100,465</u>
	15,228,653	17,281,927
Less: Amount shown in Current Liabilities	<u>18,824</u>	<u>222,723</u>
	<u>15,209,829</u>	<u>17,059,204</u>

15 STATEMENT OF CASH FLOWS

Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	2017	2016
	£	£
Operating surplus for the year	2,256,286	1,831,504
New Shares /(Shares forfeited in year)	(9)	(19)
Social Housing Grant Amortisation	(137,692)	(68,996)
Pension Deficit Provision movement	(324,778)	(389,878)
Depreciation	1,724,842	1,492,350
Decrease / (Increase) in debtors	594,505	(379,672)
(Decrease)/increase in creditors	(680,412)	98,015
Net cash inflow from operating activities	<u>3,432,741</u>	<u>2,583,304</u>

16 DEFERRED INCOME

	2017	2016
	£	£
<i>Social Housing Grants</i>		
Balance as at 1 April 2016	7,224,162	4,278,242
Additions in Year	424,058	3,014,916
Amortisation in Year	(137,692)	(68,996)
Balance as at 31 March 2017	<u>7,510,528</u>	<u>7,224,162</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

17 SHARE CAPITAL

	2017 £	2016 £
Shares of £1 each issued and fully paid		
At 1 April 2016	177	177
Issued in year	8	19
Cancelled in year	(9)	(19)
	<u>176</u>	<u>177</u>
At 31 March 2017		

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

18 RESERVES

	2017 £	2016 £
Revenue Reserves		
At 1 April 2016	37,325,118	36,084,560
Surplus for year	3,189,893	1,240,558
	<u>40,515,011</u>	<u>37,325,118</u>
At 31 March 2017		

19 HOUSING STOCK

The number of units of accommodation owned and managed by the Association at the year end was:

	2017 Number	2016 Number
General Needs Housing	1,783	1,746
Shared Ownership	20	21
	<u>1,803</u>	<u>1,767</u>

The number of units owned by the Association and managed on behalf of the Association by Partick Works Limited was:

Mid Market Rents	<u>40</u>	<u>22</u>
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20 CAPITAL COMMITMENTS

	2017 £	2016 £
Expenditure contracted less certified	<u>-</u>	<u>2,431,087</u>

The proposed financing of capital commitments was:

	2017 £	2016 £
HAG funded	-	-
Private finance	<u>-</u>	<u>2,431,087</u>
	<u>-</u>	<u>2,431,087</u>

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

21 PENSION OBLIGATIONS

Partick Housing Association Limited participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Association offered a defined benefit option up until 31 March 2016, however, this was closed to future accrual at that date and from 1 April 2016 the Association now only offers the Schemes Defined Contribution option. The company still has an on-going obligation for the pension scheme deficit in the Defined Benefit scheme which was closed to future accrual on 31 March 2016. The Company also, in the past, had some employees who also participated in the smaller Growth Plan which is similar to a defined benefit scheme. The Company therefore has a small on-going obligation in respect of the pension deficit in that plan. The Association now only offers the defined contribution money purchase scheme and has no liability for the performance of the defined contribution scheme which is a money purchase scheme.

The Association's share of the two pension deficits on the defined benefit and growth plan schemes are included in the Statement of Comprehensive Income and Financial Position Statement set out on pages 14 & 15 and is detailed in Notes 13 and 14 of these accounts.

FRS 102 Section 28 Accounting Disclosures – Main Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2012. This actuarial valuation showed assets of £394m, liabilities of £698m and a deficit of £304m. Another full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

21 PENSION OBLIGATIONS (Continued)

The pension scheme is managed by "tpt Retirement Solutions", formally known as the Pension Trust. The participating employers in the scheme, including Partick Housing Association, have been making substantial annual deficit payments for a number of years to the scheme over and above the normal contributions made to the fund to match the employees' contributions.

In addition the SHAPS scheme's investment strategy has been amended in recent years to de-risk the fund to remove some of the volatility that has led to significant movement in the deficit over the last decade. This has enabled the scheme to lock in gains at favourable values which together with the deficit contributions, improved investment returns and growth in the schemes assets has increased the funding level of the scheme substantially between the 2012 and 2015 valuations. This is why the pension deficit provision for Partick Housing Associations share of the deficit has reduced by £2.2m in 2016-17. The Association will continue to make deficit contributions of just over £400k per annum for the next 5 years by which time the scheme's actuaries estimate that the deficit will have been eliminated.

The Growth Plan (Former Employees Only)

The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m.

Another full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme.

Only a small number of Partick Housing Association's Staff were in the growth scheme and the Association's share of the deficit is just over £10k, down slightly over the year. The Association pays a small additional deficit payment each year and will continue to do so until the deficit is eliminated which it is estimated could take up to 10 years.

PARTICK HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2017

22 RELATED PARTY TRANSACTIONS

Members of the Board of Management are related parties of the Association as defined by Financial Reporting Standard 102.

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

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

	£
Rent received from Tenants on the Board	11,931
Factoring Charges received from owners on the Board	1,079
At the year end total rent arrears owed by the tenant members of the Board	Nil
At the year end total factoring arrears owed by owner members of the Board	Nil

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 (to/from) At 31 March 2017
			£	£
Partick Works Limited	subsidiary	Funds received	(474,988)	
		Interest charged	38,157	
		Gift Aid Payment	223,490	1,661,732

The comparatives for the previous year are:

Name	Relationship	Transaction	Amount	Balance (to/from) At 31 March 2016
			£	£
Partick Works Limited	subsidiary	Funds received	(189,112)	
		Interest charged	38,477	
		Gift Aid Payment	67,937	1,875,073

