



**Scott-Moncrieff**  
business advisers and accountants

**PROVANHALL HOUSING ASSOCIATION LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**For the year ended 31 March 2017**

**Registered Housing Association No. HHC 242**

**Financial Conduct Authority No. 2401 R(S)**

**Scottish Charity No SC 037762**



**PROVANHALL HOUSING ASSOCIATION LIMITED**

**MANAGEMENT COMMITTEE, EXECUTIVES AND PROFESSIONAL ADVISORS**

**FOR THE YEAR ENDED 31 MARCH 2017**

**Management Committee**

Linda Cameron (Chair)  
Christine Morris (Secretary)  
Cathie Reid  
Barbara McCluskey  
Rosemarie Docherty  
Clarice Spaine  
William Blunn  
Tracy Coutts  
Liz McEwan  
Margaret Stewart (appointed 31 October 2016)  
Rodger Harley (appointed 27 March 2017)  
John Dempsey (resigned 31 October 2016)

**Executive Officers**

Patricia Gallagher, Director  
Jim Wylie, Technical Services Manager  
Sean Douglas, Housing Services Manager

**Registered Office**

34 Conisborough Road  
Easterhouse  
Glasgow  
G34 9QG

**External Auditor**

Scott-Moncrieff  
Chartered Accountants  
Statutory Auditor  
25 Bothwell Street  
Glasgow  
G2 6NL

**Solicitors.**

Kelly & Co  
184 Abercromby Street  
Glasgow  
G40 2RZ

T C Young  
7 West George Street  
Glasgow  
G2 1BA

BTO Solicitors LLP  
48 St Vincent Street  
Glasgow  
G2 3AD

**Bankers**

Bank of Scotland plc  
Glasgow The Forge  
PO Box 1000  
BX2 1LB

**Internal Auditor**

Alexander Sloan  
38 Cadogan Street  
Glasgow  
G2 7HF

## PROVANHALL HOUSING ASSOCIATION LIMITED

### REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)

#### FOR THE YEAR ENDED 31 MARCH 2017

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

#### Principal activity

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

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

#### Strategy and Objectives

The Association's Strategy is:

- Consolidating and improving our core business, through service improvement and investment;
- Managing our assets and resources well for the benefit of tenants and the Provanhall community;
- Working with the community and others to improve opportunities and the quality of life for local people; and
- Developing our role as a community anchor organisation for Provanhall.

To deliver the Strategy, the Management Committee has set five strategic objectives:

- Deliver high quality services that meet tenants' needs, maximise tenant satisfaction and demonstrate value for money;
- Provide affordable, high quality homes that meet local needs and help make Provanhall a thriving, sustainable community;
- Develop our role as community anchor in Provanhall, enabling services and activities that benefit individuals and the community as a whole;
- Mitigate the impact of welfare reform and other external factors on tenants and on the Association's business resilience; and
- Make sure that the Association is an efficient and effective organisation, with the organisational capacity to achieve our goals.

#### Business Review

Performance levels remained high throughout the year as was reported in our Landlord Report from the Scottish Housing Regulator. We compared very favourably with both our peers and when measured against the national average.

Performance throughout the year remained strong. Rent arrears as a percentage of net income from rent and service charges decreased from 3.6% at 31 March 2016 to 3.1% at 31 March 2017.

Reactive maintenance expenditure for the year, which included £49,596 of void work expenditure, was £178,567 and averaged £364 per unit at 31 March 2017.

Throughout the year we have undertaken the following planned maintenance works:

#### Planned works

Boiler Replacements	25
Periodic Testing	134
New Close Doors	10
Controlled Entry Replacements	59

## PROVANHALL HOUSING ASSOCIATION LIMITED

### REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)

FOR THE YEAR ENDED 31 MARCH 2017

#### Business Review (cont'd)

##### Cyclical

Gutter Cleaning	All
Gas Servicing	485

We had one staff resignation throughout the year when one of our Clerical Assistants secured a promoted post in another Housing Association. It was decided not to replace this post. The staff complement now sits at 8 (Full Time Equivalent during the year was 9) with services being provided for finance and welfare benefits. EPIC360 also provide a financial inclusion service from our office one morning each week.

The Internal Audit programme focussed on Rent Management, Risk Management, Allocations and Financial Management. An action plan has been drafted with all of the identified required actions.

Our Management Committee Membership remains strong with new members joining again this year. At the end of the year we had 11 Management Committee members. We have started work on succession planning as our Chairperson is required to step down at the next AGM in accordance with the Association's rules.

We continue to support Connect Community Trust who manage our community facility and deliver wider role projects including: youth clubs, job clubs, elderly lunch clubs, I.T. classes and bingo. We meet regularly with the Trust and develop ideas with them re service provision.

We continue to do improvement works to the ex GHA stock and in 2017/18 year we will focus on environmental works.

We undertook a fundamental review of our Business Plan this year and this review was the focus of our Staff and Committee Away Day. The Business Plan was approved in March 2017 for implementation as of the new financial year.

We continue to work with EHRA, the partnership of the 8 local Community Based Housing Associations, and we undertake a lot of joint lobbying and joint training with them.

Scott-Moncrieff was appointed as External Auditor during the year following a competitive tender process. We again received a 'clean' audit management report and remain at low engagement with the Scottish Housing Regulator.

#### **Members of Management Committee**

Each member of the Management Committee holds one fully paid share of £1. The executive officers of Provanhall Housing Association Limited hold no interest in the Association's share capital and although not having the legal status of "director" they act as executives within the authority delegated by the Management Committee.

#### **Operational Review**

##### **1 Corporate Governance**

The Association has a Management Committee who are elected by the members of the Association. It is the responsibility of the Management Committee to determine the strategy, set policies and guide the overall direction for the Association. They also monitor the operational activities of the Association. The members of the Management Committee are unpaid.

The Executive Team of 3 (as listed on page 1) are responsible for achieving the strategy and undertaking the operational activities in line with the policies set.

# **PROVANHALL HOUSING ASSOCIATION LIMITED**

## **REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)**

**FOR THE YEAR ENDED 31 MARCH 2017**

### **1 Corporate Governance (cont'd)**

Our governing body is our Management Committee, which is responsible to the wider membership. Management Committee members serve in a voluntary capacity, and we recognise that this puts even more onus on us to ensure that we set and achieve high standards of professionalism in our work. We take governance very seriously, and in the last year we continued to build on work from previous years which strengthened our governance arrangements.

### **2 Corporate Issues**

Tenant involvement and participation is a major part of the Association's Aims and Objectives and we continue to review how Provanhall involves tenants in its activities.

Provanhall is committed to involving staff in decision making and policy making. In the year just ended staff were fully involved in the internal management plan process and regular staff meetings were held to keep staff informed of our activities.

#### **Performance Management**

Service delivery is underpinned by staff performance. This continues to be a high priority for us. In the last year we have continued to implement our revised staff appraisal system and undertook a staff training needs assessment.

#### **Best use of resources**

We regularly conduct risk assessments, and take any action necessary to reduce or limit risk. We have continued a programme of major investment in our housing stock, which is by far our most costly asset. This involves carrying out major repairs. We have updated our stock condition information to ensure that our long-term financial planning reflects our future investment requirements.

#### **Services**

We aim to deliver high quality services, and we set ourselves the goal of achieving continuous improvement in what we do.

We continued to monitor rent arrears closely. We also continued to deliver many completed adaptations to existing properties to meet the specific needs of our tenants.

### **3 Other Areas**

#### **Risk Management Policy**

The Committee have, with advice from the internal auditor, a formal risk management process to assess business risks and implement risk management strategies. This involves 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 Committee have reviewed the adequacy of the Association's current internal controls.

#### **Principal risk and uncertainties**

The principle risks and uncertainties facing the Association are the on-going welfare reform and Brexit. The Association has a strategic risk register and reviews this regularly. The Management Committee have agreed a 'risk appetite' based on this register and take this into account when making decisions.

#### **Employee Involvement and Health & Safety**

The Association encourages employee involvement in all major initiatives.

## **PROVANHALL HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)**

**FOR THE YEAR ENDED 31 MARCH 2017**

#### **Investment Appraisal**

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

#### **Internal Financial Control**

The Management Committee is responsible for establishing and maintaining the Association's system of internal control. Internal control systems are designed to meet the particular needs of the Association and the risks to which it is exposed, and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. The key procedures which the Management Committee has established with a view to providing effective internal financial control are listed on page 8.

#### **Management Structure**

The Management Committee has overall responsibility for the Association and there is a formal schedule of matters specifically reserved for decision by the Committee.

#### **General Reserves Policy**

The Committee members have reviewed the reserves of Provanhall. 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. During the year the Association's general reserve increased from £5,293,042 to £5,789,098.

#### **Sales of Housing Properties**

Properties are disposed of under the appropriate legislation and guidance. All costs, including first tranche shared ownership 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.

#### **Maintenance Policies**

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

In addition, the Association has a long-term programme of major repairs to cover for works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to features of the properties, which have come to the end of their economic lives. 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 Statement of Recommended Practice for Social Housing Providers issued in 2014.

#### **Treasury Management**

The Association has an active treasury management function, which operates in accordance with the Treasury Policy approved by the Management Committee. 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.

## **PROVANHALL HOUSING ASSOCIATION LIMITED**

### **REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)**

**FOR THE YEAR ENDED 31 MARCH 2017**

#### **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.

#### **Budgetary Process**

Each year the Management Committee 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 Management Committee 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 percentage 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 percentage value is reviewed annually to ensure that the rents cover the required costs. This policy follows the generally accepted practice/principles of the housing movement.

#### **Disabled Employees**

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

#### **Future Developments**

Subject to the availability of public funding and identification of suitable development sites the Association is committed to an on-going development programme to provide new housing for our tenants.

#### **Related Party Transactions**

Ten members of the Management Committee are tenants whilst another is a private owner who uses the Association as a factor. Their tenancies and factoring arrangements are on the Association's normal tenancy terms and they cannot use their position to their advantage. Transactions with the Management Committee during the year are disclosed at Note 23.

#### **Auditor**

Scott-Moncrieff was appointed as auditor to the Association during the year. A resolution to re-appoint Scott-Moncrieff, Chartered Accountants as auditor will be proposed at the Annual General Meeting.

The Report of the Management Committee (incorporating the Strategic Report) has been approved by the Management Committee on 28 August 2017 and signed on its behalf by:



**Christine Morris**  
**Secretary**



**PROVANHALL HOUSING ASSOCIATION LIMITED**

**STATEMENT OF THE MANAGEMENT COMMITTEE'S RESPONSIBILITIES**

**FOR THE YEAR ENDED 31 MARCH 2017**

Under the legislation relating to Co-operative and Community Benefit Societies we are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for that period. In preparing those financial statements we are required to:

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

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association. 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 Committee members are aware there is no relevant audit information of which the auditor is unaware and the Committee 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 auditor is aware of any such information.

By order of the Management Committee:



**Christine Morris**  
**Secretary**

Dated: 28 August 2017

**PROVANHALL HOUSING ASSOCIATION LIMITED**

**MANAGEMENT COMMITTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROL**

**FOR THE YEAR ENDED 31 MARCH 2017**

The Management Committee 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 Management Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that;

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authority, which allows the monitoring of controls and restricts the unauthorised use of the Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared regularly which allow the Management Committee and staff to monitor the key business risks and financial objectives, and progress towards 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 variances from budgets are investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through relevant sub-committees comprising Management Committee members and others;
- the Management Committee review reports from management, from directors, staff and from the external auditor, the internal auditor and the finance agent to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association; and
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Management Committee have reviewed the system of internal financial control in existence in the Association for the year ended 31 March 2017 and until the below date. 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 Management Committee:

*C. Morris*

**Christine Morris**  
**Secretary**

Dated: 28 August 2017

**PROVANHALL HOUSING ASSOCIATION LIMITED**

**REPORT OF THE AUDITOR TO THE MANAGEMENT COMMITTEE ON CORPORATE GOVERNANCE  
MATTERS  
FOR THE YEAR ENDED 31 MARCH 2017**

In addition to our audit of the financial statements, we have reviewed your statement on page 8 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 on corporate governance matters within Bulletin 2009/4 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 any non-compliance.

**Opinion**

In our opinion, your Statement on internal financial control on page 8 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 Management Committee and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Committee'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.

Scott-Moncrieff

**Scott-Moncrieff**  
Chartered Accountants  
Statutory Auditor  
25 Bothwell Street  
Glasgow G2 6NL

Dated: 28 August 2017

## **PROVANHALL HOUSING ASSOCIATION LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROVANHALL HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2017**

We have audited the financial statements of Provanhall Housing Association Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members as a body, in accordance with 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 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 Management Committee and the Auditor**

As explained more fully in the Statement of Management Committee's Responsibilities set out on page 7, the Management Committee 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 Financial Reporting Council's web site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2014 issued by the Scottish Housing Regulator.

**PROVANHALL HOUSING ASSOCIATION LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROVANHALL HOUSING ASSOCIATION LIMITED  
FOR THE YEAR ENDED 31 MARCH 2017**

**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 require 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; or
- we have not received all the information and explanations we need for our audit.

Scott - Moncrieff

**Scott-Moncrieff**  
Chartered Accountants  
Statutory Auditor  
25 Bothwell Street  
Glasgow G2 6NL

Dated: 28 August 2017

PROVANHALL HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover	4	2,072,140	2,089,931
Operating expenditure	4	(1,545,860)	(1,611,498)
<b>Operating surplus</b>	4	526,280	478,433
Loss on sale of property, plant and equipment	10	(40,751)	(9,057)
Interest receivable	11	44,315	53,408
Interest and financing costs	12	(33,788)	(31,764)
<b>Surplus before tax</b>		496,056	491,020
Taxation		-	-
<b>Surplus for the year</b>		496,056	491,020
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<u>496,056</u>	<u>491,020</u>

The results for the year relate wholly to continuing activities.

The notes form part of these accounts

**PROVANHALL HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES**

**YEAR ENDED 31 MARCH 2017**

	<b>Share Capital £</b>	<b>Revenue Reserves £</b>	<b>Total Reserves £</b>
Balance at 1 April 2016	139	5,293,042	5,293,181
Total comprehensive income	-	496,056	496,056
Shares issued during the year	32	-	32
Shares cancelled during the year	(15)	-	(15)
Balance at 31 March 2017	<u>156</u>	<u>5,789,098</u>	<u>5,789,254</u>

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES**

**YEAR ENDED 31 MARCH 2016**

	<b>Share Capital £</b>	<b>Revenue Reserves £</b>	<b>Total Reserves £</b>
Balance at 1 April 2015	135	4,802,022	4,802,157
Total comprehensive income	-	491,020	491,020
Shares issued during the year	19	-	19
Shares cancelled during the year	(15)	-	(15)
Balance at 31 March 2016	<u>139</u>	<u>5,293,042</u>	<u>5,293,181</u>

The notes form part of these accounts

PROVANHALL HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible fixed assets			
- Housing properties	13	12,971,239	13,319,267
- Other fixed assets	13	316,657	325,565
		<u>13,287,896</u>	<u>13,644,832</u>
<b>Current assets</b>			
Debtors	15	185,422	175,598
Cash and cash equivalents	16a	807,013	459,439
Investments	16b	2,465,485	2,470,693
		<u>3,457,920</u>	<u>3,105,730</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(758,860)</u>	<u>(765,698)</u>
<b>Net current assets</b>		<u>2,699,060</u>	<u>2,340,032</u>
<b>Total assets less current liabilities</b>		<u>15,986,956</u>	<u>15,984,864</u>
<b>Creditors: amounts falling due after more than one year</b>	18	<u>(10,197,702)</u>	<u>(10,691,683)</u>
<b>Net assets</b>		<u>5,789,254</u>	<u>5,293,181</u>
<b>Capital and reserves</b>			
Called up share capital	21	156	139
Revenue reserves	22	5,789,098	5,293,042
<b>Total capital and reserves</b>		<u>5,789,254</u>	<u>5,293,181</u>

The financial statements were authorised for issue by the Management Committee on 28 August 2017 and are signed on its behalf by:

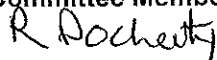
Linda Cameron  
Chair



Christine Morris  
Secretary



Committee Member



The notes form part of these accounts



PROVANHALL HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	2017		2016	
	£	£	£	£
<b>Cash flow from operating activities</b>				
Surplus for the year	496,056		491,020	
<u>Adjustments for non-cash items:</u>				
Carrying amount of tangible fixed asset disposals	45,477		94,069	
Depreciation of tangible fixed assets including loss on disposal of components	533,500		526,855	
SHAPS past service deficit movements	(24)		5,388	
Increase in trade and other debtors	(9,824)		(23,590)	
(Decrease)/increase in trade and other creditors	(9,786)		30,712	
<u>Adjustments for investing and financing activities:</u>				
Proceeds from sale of tangible fixed assets	(29,358)		(85,012)	
Grants repaid on disposals	24,632		-	
Interest payable	22,788		26,380	
Interest received	(44,315)		(53,408)	
Release of deferred Government capital grants	(411,280)		(410,484)	
SHAPS past service deficit repayment	(41,459)		(40,255)	
Shares cancelled	(15)		(15)	
		576,392		561,660
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment	(222,041)		(202,527)	
Proceeds from sale of property, plant and equipment	29,358		85,010	
Grants received	67,167		-	
Grants repaid	(24,632)		(65,872)	
Interest received	44,315		53,408	
		(105,833)		(129,981)
<b>Cash flow from financing activities</b>				
Interest paid	(22,788)		(26,380)	
Repayment of borrowings	(105,437)		(103,177)	
Issue of share capital	32		19	
Withdrawal from/(deposit to) current asset investment	5,208		(820,693)	
		(122,985)		(950,231)
<b>Net changes in cash and cash equivalents</b>		347,574		(518,552)
Cash and cash equivalents at 1 April		459,439		977,991
<b>Cash and cash equivalents at 31 March</b>		<u>807,013</u>		<u>459,439</u>

## PROVANHALL HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 MARCH 2017

##### 1. General information

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Housing Requirements 2014 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2014. The principal accounting policies are set out below.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see note 3).

The presentation currency is pounds sterling and the financial statements are rounded to the nearest whole number.

The Association is a Co-operative and Community Benefit Society limited by shares and is incorporated in the United Kingdom. The Association is a registered social landlord in Scotland and its registered number is HHC 242. The registered address is available on page 1.

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities.

##### 2. Principal accounting policies

###### Basis of Accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The effect of events relating to the year ended 31 March 2017, which occurred before the date of approval of the financial statements by the Management Committee have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2017 and of the results for the year ended on that date.

###### Going Concern

The Management Committee anticipate that a surplus will be generated in the year to 31 March 2018 and the year to 31 March 2019. The Association has a healthy cash and net current asset position and thus the Management Committee are satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

###### Turnover

Turnover represents rental and service charge income receivable, fees receivable and revenue grants receivable from the Scottish Government, local authorities and other agencies. Also included is any income from first tranche shared ownership disposals and management fees for the factoring of properties for private owners as the provision of factoring services is accounted for on an agency basis.

**PROVANHALL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

**2. Principal accounting policies (cont'd)**

**Apportionment of management expenses**

Direct employee, administration and operating expenditure have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

The costs of cyclical and major repairs are charged to the Statement of Comprehensive Income in the year in which they are incurred.

**Interest receivable**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**Interest payable**

All interest payable is charged to the Statement of Comprehensive Income in the period in which it falls due for payment. The basis for the interest payable is the schedule of interest charges agreed with the financing institution during the establishment of the loans.

**Fixed assets - Housing land and buildings**

Housing properties are stated at cost less accumulated depreciation. The development cost of housing properties includes the following:-

- (i) Cost of acquiring land and buildings;
- (ii) Development expenditure; and
- (iii) Interest charged on the loans during the development of the scheme up until completion.

**Depreciation of Housing Properties**

Properties other than heritable land are depreciated at rates calculated to reduce net book value of each component of the property to its estimated residual value, on a straight line basis, over the expected remaining life of the component. Heritable land is not depreciated. The estimated useful lives of the assets and components are shown below:

	<b>Depreciation Period (Years)</b>
Roof	50
Structure	50
Windows	25
Kitchens	15
Bathrooms	25
Central Heating	15
Doors	35
Rewiring	30

## PROVANHALL HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 MARCH 2017

#### 2. Principal accounting policies (cont'd)

##### **Other Fixed Assets**

Other fixed assets are stated at cost less depreciation. Depreciation is charged by equal annual instalments at rates estimated to write off costs less any residual value over expected useful lives as follows:

Office Premises – 2%

Furniture & Fittings & Office Equipment – 25%

##### **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.

##### **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 Statement of Comprehensive Income.

##### **Impairment of fixed assets**

A review for impairment for all fixed assets is carried out on an annual basis and any impairment is recognised by a charge to the Statement of Comprehensive Income.

##### **Debtors**

Short-term debtors are measured at transaction price, less any impairment.

##### **Rental arrears**

Rental arrears represents amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in Note 15.

##### **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## **PROVANHALL HOUSING ASSOCIATION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 MARCH 2017**

#### **2. Principal accounting policies (cont'd)**

##### **Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

##### **Loans**

Mortgage loans are advanced by financial institutions under the terms of 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 Government Capital Grant by the Scottish Government or Glasgow City Council.

##### **Government Capital Grants**

Government Capital Grants, at amounts approved by The Scottish Government or Glasgow City Council, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

##### **Government Revenue Grants**

Government revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

##### **Non-government capital and revenue grants**

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

##### **Financial instruments**

The Association only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

**PROVANHALL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2017**

**2. Principal accounting policies (cont'd)**

**Financial instruments (cont'd)**

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets are derecognised when contractual rights to the cash flows from the assets expire, or when the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

**Pension Costs**

The Association participates in The Scottish Housing Associations' Defined Benefits Pension Scheme (SHAPS) and retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Associations taken as a whole.

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

Thus the Scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability has been recognised in the Statement of Financial Position.

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The Management Committee are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

**Estimate**

**Basis of estimation**

Useful lives of property, plant and equipment

The useful lives of property, plant and equipment are based on the knowledge of senior management at the Association, with reference to expected asset life cycles.

The main components of housing properties and their useful lives

The cost of housing properties is split into separately identifiable components. These components were identified by knowledgeable and experienced staff members and based on costing models.

Recoverable amount of rental and other trade receivables

Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.

The obligations under the SHAPs pension scheme

This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

4. Particulars of Turnover, Operating Expenditure and Operating Surplus

	2017		2016	
	Turnover £	Operating Expenditure £	Turnover £	Operating Expenditure £
Income and Expenditure from lettings				
Social Lettings (Note 5)	2,070,724	1,474,583	2,058,878	1,518,170
Other activities (Note 6)	1,416	71,277	31,053	93,328
	<u>2,072,140</u>	<u>1,545,860</u>	<u>2,089,931</u>	<u>1,611,498</u>
				<u>Operating Surplus £</u>
				540,708
				(62,275)
				<u>478,433</u>



PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

5. Particulars of Income and Expenditure from social letting activities

	General Needs Housing £	Supported Housing £	Shared Ownership £	2017 Total £	2016 Total £
<b>Income from rent and service charges</b>					
Rent receivable net of service charges	1,646,320	-	3,693	1,650,013	1,636,446
Service charges	-	-	-	-	-
<b>Gross income from rents and service charges</b>	<b>1,646,320</b>		<b>3,693</b>	<b>1,650,013</b>	<b>1,636,446</b>
Less voids	(1,395)	-	-	(1,395)	(3,234)
<b>Net income from rents and service charges</b>	<b>1,644,925</b>		<b>3,693</b>	<b>1,648,618</b>	<b>1,633,212</b>
Release of deferred Government capital grants	409,226	-	2,054	411,280	410,484
Other revenue grants	10,826	-	-	10,826	15,182
<b>Total turnover from social letting activities</b>	<b>2,064,977</b>		<b>5,747</b>	<b>2,070,724</b>	<b>2,058,878</b>
<b>Expenditure</b>					
Management and maintenance administration costs	511,190	-	3,268	514,458	482,064
Service charges	117,396	-	-	117,396	112,282
Planned cyclical maintenance	143,896	-	-	143,896	193,590
Reactive maintenance costs	178,567	-	-	178,567	215,213
Bad debts – rents and service charges	3,855	-	-	3,855	7,285
Depreciation of social housing	513,932	-	2,479	516,411	507,736
<b>Operating expenditure for social letting activities</b>	<b>1,468,836</b>		<b>5,747</b>	<b>1,474,583</b>	<b>1,518,170</b>
<b>Operating surplus on letting activities, 2017</b>	<b>596,141</b>		<b>-</b>	<b>596,141</b>	
<b>Operating surplus on letting activities, 2016</b>	<b>540,708</b>		<b>-</b>		<b>540,708</b>

The amount of service charges receivable on housing accommodation not eligible for Housing Benefit was £nil (2016: £nil). Included in depreciation of social housing is £nil (2016: £814) relating to the loss on disposal of components.

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

6. Particulars of turnover, operating expenditure and operating surplus from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total Turnover	Operating expenditure Bad debts	Other operating expenditure	Operating Surplus
	£	£	£	£	2017 £	2017 £	2017 £	2016 £
Wider role activities	-	-	-	-	-	-	37,544	(31,710)
Rechargeable repairs	-	-	-	-	-	3,175	-	(4,623)
Factoring	-	-	-	1,416	1,416	-	1,416	-
Development and construction of property activities	-	-	-	-	-	-	-	-
Other activities – Tenant Participation	-	-	-	-	-	-	29,142	(25,942)
<b>Total from other activities- 2017</b>	-	-	-	1,416	1,416	3,175	68,102	(69,861)
<b>Total from other activities- 2016</b>	-	29,712	-	1,341	31,053	(4,623)	(88,705)	(62,275)

**PROVANHALL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2017**

**7. Directors' Emoluments**

The Directors are defined as the members of the Management Committee, the Director and any other person reporting directly to the Director or the Management Committee. The Association considers key management personnel to be the Management Committee and senior management team of the Association only. No Directors or members of key management received emoluments (excluding pension contributions) greater than £60,000.

No emoluments were paid to any member of the Management Committee during the year (2016: none).

	2017 £	2016 £
Emoluments of Director (excluding pension contributions)	42,529	42,136
Total expenses reimbursed insofar as not chargeable to UK income tax	209	-

The Director is an ordinary member of the Association's pension scheme described in Note 24. No enhanced or special terms apply to membership and she has no other pension arrangements to which the Association contributes. The Association's contributions for the Director in the year amounted to £18,005 (2016: £15,198), which includes a proportion of the deficit contribution payment made to the scheme in the year (Note 24).

The emoluments of key management (excluding pension contributions and including benefits in kind) for the year were £131,581 (2016: £130,288). Their pension contributions (including the past service element) for the year were £55,462 (2016: £46,816).

**8. Employee information**

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

	2017 Number	2016 Number
The average number of full time equivalent employees during the year was:	9	9
Staff costs were:-		
Wages and Salaries	280,186	270,069
Social Security Costs	22,466	18,267
Pension Contributions	17,423	21,363
	<u>320,075</u>	<u>309,699</u>

The SHAPs past service deficit liability is subject to remeasurement each financial year.

	2017 £	2016 £
Remeasurement – impact of any change in assumptions	<u>(11,024)</u>	<u>4</u>

This is included in management and administration costs.

**PROVANHALL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2017.**

**8. Employee information (cont'd)**

During the year past service deficit contributions of £42,842 (2016: £41,635) were paid. Of this payment, £41,459 (2016: £40,255) was a payment in respect of the SHAPS past service deficit liability. The remainder of £1,383 (2016: £1,380) was pension management costs which have been included in the pension contributions total included in staff costs above.

The unwinding of the discount has been charged to finance costs in the Statement of Comprehensive Income. This finance cost was £11,000 (2016: £5,384) in the year.

**9. Operating surplus**

Operating surplus is stated after charging:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Depreciation	533,500	526,855
Auditor's remuneration:		
- External audit services including VAT	9,000	8,850
- Internal audit services including VAT	4,272	2,232
	<u>          </u>	<u>          </u>

**10. Loss on disposal of property, plant and equipment**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Housing property disposals	(40,751)	(9,057)
	<u>          </u>	<u>          </u>

**11. Interest receivable and other income**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Bank interest received	44,315	53,408
	<u>          </u>	<u>          </u>

**12. Interest payable and similar charges**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	22,788	26,380
SHAPS deficit repayment plan – interest expense (Note 24)	11,000	5,384
	<u>          </u>	<u>          </u>
	<u>33,788</u>	<u>31,764</u>

PROVANHALL HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

13. Tangible Fixed Assets	Housing Properties Held for Letting	Housing Properties under Construction	Completed Shared Ownership Properties	Office Properties	Furniture Fittings & Equipment	Total
Cost/valuation:	£	£	£	£	£	£
At 1 April 2016	20,945,920	-	123,942	396,308	129,433	21,595,603
Additions during year:						
Property Components	58,280	-	-	-	-	58,280
	155,580	-	-	-	8,181	163,761
Disposals during year:						
Property Components	(72,094)	-	-	-	-	(72,094)
	(26,002)	-	-	-	(6,643)	(32,645)
As at 31 March 2017	<u>21,061,684</u>	<u>-</u>	<u>123,942</u>	<u>396,308</u>	<u>130,971</u>	<u>21,712,905</u>
<b>Depreciation</b>						
At 1 April 2016	7,707,216	-	43,379	86,977	113,199	7,950,771
Charge during year	513,932	-	2,479	7,926	9,163	533,500
Disposals during year:						
Property Components	(26,617)	-	-	-	-	(26,617)
	(26,002)	-	-	-	(6,643)	(32,645)
As at 31 March 2017	<u>8,168,529</u>	<u>-</u>	<u>45,858</u>	<u>94,903</u>	<u>115,719</u>	<u>8,425,009</u>
<b>Net Book Value</b>						
At 31 March 2017	<u>12,893,155</u>	<u>-</u>	<u>78,084</u>	<u>301,405</u>	<u>15,252</u>	<u>13,287,896</u>
At 31 March 2016	<u>13,238,704</u>	<u>-</u>	<u>80,563</u>	<u>309,331</u>	<u>16,234</u>	<u>13,644,832</u>

Additions to Housing Properties during the year includes no capitalised interest (2016 - £nil) and no capitalised administration costs (2016 - £nil). All housing properties are freehold. Properties with a cost of £72,094 (2016: £141,560) and accumulated depreciation of £26,617 (2016: £48,305) have been disposed of in the year for net proceeds of £29,358 from which £24,632 of grant was repaid. Components with a cost of £26,002 (2016: £203,442) and accumulated depreciation of £26,002 (2016: £202,628) have been disposed of for £nil (2016: £nil) net proceeds.

**PROVANHALL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2017**

<b>14. Housing Stock</b>	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
The number of units of accommodation in management at the year end was:-		
General Needs Housing - New Build	489	489
Shared Ownership	2	2
	<u>491</u>	<u>491</u>
	<u><u>491</u></u>	<u><u>491</u></u>
 <b>15. Debtors</b>	 <b>2017</b>	 <b>2016</b>
	<b>£</b>	<b>£</b>
Amounts falling due within one year:		
Arrears of Rent and Service Charges	51,209	58,541
Less: Provision for doubtful debts	(23,838)	(25,253)
	<u>27,371</u>	<u>33,288</u>
Other debtors	18,068	12,341
Prepayments and accrued income	139,983	129,969
	<u>185,422</u>	<u>175,598</u>
	<u><u>185,422</u></u>	<u><u>175,598</u></u>
The level of technical arrears contained within the rent arrears total was £12,466 (2016: £10,345).		
<b>16a. Cash and cash equivalents</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Balances held in current accounts	807,013	459,439
	<u>807,013</u>	<u>459,439</u>
	<u><u>807,013</u></u>	<u><u>459,439</u></u>
 <b>16b. Investments</b>	 <b>2017</b>	 <b>2016</b>
	<b>£</b>	<b>£</b>
Balances held in deposit accounts	2,465,485	2,470,693
	<u>2,465,485</u>	<u>2,470,693</u>
	<u><u>2,465,485</u></u>	<u><u>2,470,693</u></u>
 <b>17. Creditors: amounts falling due within one year</b>	 <b>2017</b>	 <b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	77,411	100,149
Liability for past service deficit contributions (Note 24)	45,000	44,607
Accruals and deferred income	3,510	19,039
HAG creditor	74,028	49,396
Rent in advance	34,840	31,403
Bank loans (Note 18)	106,533	104,774
Other taxes and social security	6,258	5,846
Deferred Government capital grants (Note 19)	411,280	410,484
	<u>758,860</u>	<u>765,698</u>
	<u><u>758,860</u></u>	<u><u>765,698</u></u>

**PROVANHALL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2017**

<b>18. Creditors: amounts falling due after more than one year</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Liability for past service deficit contributions (Note 24)	182,000	223,876
Deferred Government Capital Grants (Note 19)	8,320,447	8,665,356
Bank loans	1,695,255	1,802,451
	<u>10,197,702</u>	<u>10,691,683</u>

Loans are secured by specific charges on the Association's properties and are repayable at rates of interest 0.65% to 1.5% (2016: 0.95% to 1.6%) in instalments due as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Within one year	106,533	104,774
Between one and two years	108,298	105,206
Between two and five years	335,782	331,531
After five years	1,251,175	1,365,714
	<u>1,801,788</u>	<u>1,907,225</u>
Less: amount shown in current liabilities	(106,533)	(104,774)
	<u>1,695,255</u>	<u>1,802,451</u>

<b>19. Deferred capital grants</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Deferred capital grants at 1 April	9,075,840	9,552,196
Grants received in year	67,167	-
Released to income in year	(411,280)	(476,356)
	<u>8,731,727</u>	<u>9,075,840</u>
Deferred capital grants at 31 March		
Split: < 1 year	411,280	410,484
1-2 years	411,280	410,484
2-5 years	1,233,840	1,231,452
> 5 years	6,675,327	7,023,420
	<u>8,731,727</u>	<u>9,075,840</u>
Total		

**PROVANHALL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2017**

**20. Financial instruments**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Financial Assets</b>		
Cash and cash equivalents	807,013	459,439
Investments – deposit accounts	2,465,485	2,470,693
Financial assets measured at amortised cost	176,150	153,420
	<u>3,488,648</u>	<u>3,083,552</u>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	<u>2,183,737</u>	<u>2,344,292</u>

Financial assets measured at amortised cost comprises rental arrears, other debtors and accrued income.

Financial liabilities measured at amortised cost comprises trade creditors, liability for past service deficit contributions, accruals, HAG creditor and bank loans.

No financial instruments are held at fair value through the Statement of Comprehensive Income.

**21. Share capital** Shares of £1 each fully paid and issued

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
At 1 April 2016	139	135
Issued during the year	32	19
Cancelled during the year	(15)	(15)
	<u>156</u>	<u>139</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

**22. Revenue reserves**

The revenue reserve includes all current and prior year retained surpluses or deficits.

**23. Related parties**

The Association has members of the Management Committee who are also tenants. The total rent charged in the year relating to Management Committee members who are tenants is £25,985 (2016: £27,782).

The total rent arrears relating to Management Committee members who are tenants included within debtors at the year end is £nil (2016: £260). The total prepaid rent relating to Management Committee members who are tenants is £1,597 (2016: £806).



## PROVANHALL HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

#### 23. Related parties (cont'd)

The Association has members of the Management Committee who own properties factored by the Association. The total amount charged in the year relating to Management Committee members is £607 (2016: £604). No balances are outstanding or prepaid at the year end (2016: none).

Included on the Management Committee of the Association are 2 members who are also on the Board of Connect Community Trust, a charity who perform Wider Role services on behalf of the Association. During the year, the Association provided funds of £12,280 (2016: £14,780) to Connect Community Trust to perform those services. During the year services totalling £820 (2016: £3,744) were received from Connect Community Trust. At the year end, £540 (2016: £nil) was due from the Association in respect of these services.

#### 24. Pension Obligation

##### General

Provanhall Housing Association Limited (the Association) participates in the Scottish Housing Associations' Pension Scheme, (the "Scheme"). The scheme is a multi-employer defined benefit scheme. The scheme is funded. 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; a 1/70th accrual rate; a 1/80th accrual rate; 1/120th accrual rate, contracted in; and a 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. The Association has elected to operate the 1/60th accrual Final Salary Scheme for both existing and new members. In addition to this, there is also a DC scheme available for those members who have chosen not to join the Final Salary Scheme.

During the accounting period the Association paid contributions at the rate of 12.3% of pensionable salaries to the defined benefit scheme and 10% for the defined contribution scheme. Member contributions were 12.3% for the defined benefit scheme and 10% for the defined contribution scheme.

The Trustee commissions an actuarial valuation of the Scheme every 3 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.

As at the Statement of Financial Position date there were 7 (2016: 7) active members of the Scheme employed by the Association. The Association continues to offer membership of the Scheme to its employees.

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

# PROVANHALL HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

### 24. Pension Obligation (continued)

Thus the scheme is accounted for as a defined contribution scheme. However the Association has entered into a past service deficit repayment agreement with the Pension Trust and per FRS 102, this discounted past service deficit liability has been recognised in the Statement of Financial Position.

The last formal valuation of the Scheme was performed as at 30 September 2015 by a professionally qualified actuary using the "projected unit credit" method. The market value of the Scheme's assets at the valuation date was £616 million. The valuation revealed a shortfall of assets compared to liabilities of £198 million, equivalent to a past service funding level of 76%.

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 buyout 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.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Scheme based on the financial position of the Scheme as at 30 September 2016. As of this date the estimated employer debt for the Association was £2,284,959 (2016: £1,543,402).

#### Past service deficit repayment liability

	2017 £	2016 £
Provision at start of period	268,483	303,350
Unwinding of the discount factor (interest expense)	11,000	5,384
Deficit contribution paid	(41,459)	(40,255)
Remeasurements – impact of any changes in assumptions	(11,024)	4
Provision at end of period	<u>227,000</u>	<u>268,483</u>

**PROVANHALL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2017**

**24. Pension Obligation (continued)**

**Past service deficit repayment liability**

Liability split as:	2017 £	2016 £
< 1 year	45,000	44,607
1-2 years	45,000	41,000
2-5 years	137,000	124,000
> 5 years	-	58,876
	<u>227,000</u>	<u>268,483</u>

**Statement of Comprehensive Income Impact**

	2017 £	2016 £
Interest expense	11,000	5,384
Remeasurements – impact of any change in assumptions	(11,024)	4
<b>Assumptions</b>	<b>2017</b>	<b>2016</b>
Rate of discount	1.06%	2.29%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

**25. Controlling party**

In the opinion of the Management Committee, there is no controlling party.

**26. Capital Commitments**

	2017 £	2016 £
Capital expenditure authorised by the Management Committee that has been contracted for	<u>-</u>	<u>-</u>
Capital expenditure authorised by the Management Committee but has not yet been contracted for	<u>-</u>	<u>-</u>