



**Alexander Sloan**  
Accountants and Business Advisers

# **Ferguslie Park Housing Association Limited**

**Report and Financial Statements**

**For the year ended 31 March 2019**

**Registered Housing Association No. RSL99**

**FCA Reference No. 2282R(S)**

**Scottish Charity No. SC034893**

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## BOARD OF MANAGEMENT, EXECUTIVES AND ADVISERS YEAR ENDED 31 MARCH 2019

### BOARD OF MANAGEMENT

Shona McIntyre	Chairperson (Resigned July 2019)
Ian Williams	Vice-Chairperson
Stuart Piggott	(Resigned March 2019)
Richard Bolton	(Appointed Co-optee September 2018)
Fiona Murphy	(Appointment ended September 2018)
James Strang	(Appointment ended May 2018)
Andrea McLaughlan	
Iain McGee	(Resigned May 2019)
Louise McNicol	(Appointed September 2018)
Helen Glassford	
Barbara Walker	
Andy Wilson	(Appointed September 2018)
Elaine Carter	(Resigned October 2018)
Andrew Doyle	(Appointed September 2018. Resigned April 2019)
Siphosami Bazaya	(Appointed Co-optee November 2018 )

### EXECUTIVE OFFICERS

Catrina Miller	Group Chief Exec and Secretary (Appointed August 2018)
Ivor McCauley	Interim Head of Operations (Appointed January 2019)
Cindy McNeill	Finance & Corporate Services Manager (Appointed November 2018)
Catherine Aiton	Interim Property Services Manager (Appointed July 2018)
Gavin Johnston	Interim Property Asset Manager (Appointed March 2019)
Greg Richardson	Housing Services Manager (Appointed January 2019)

### REGISTERED OFFICE

The Tannahill Centre  
76 Blackstoun Road  
Ferguslie Park, Paisley  
PA3 1NT

### EXTERNAL AUDITORS

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

### INTERNAL AUDITORS

Wylie and Bisset  
168 Bath Street  
Glasgow  
G2 4TP

### BANKERS

Bank of Scotland  
The Cross  
Paisley  
PA1 1DD

### SOLICITORS

T C Young  
7 West George Street  
Glasgow  
G2 2HG

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

The Board of Management presents its report and the Financial Statements for the year ended 31 March 2019.

### Legal Status

The Association is a registered non-profit making organisation under the Co-operative and Community Benefit Societies Act 2014 No.2282R(S). The Association is governed under its Rule Book. The Association is a registered Scottish Charity with the charity number SC034893.

### Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

### Strategy and Objectives

The Association and its only subsidiary The New Tannahill Centre Ltd, operate as The Ferguslie Group. The Group Vision is 'where the potential of Ferguslie Park is fully realised'. The purpose of the Ferguslie Group is to work together to regenerate Ferguslie Park and to work with partners to channel ideas, action and investment. Both group members approved new three year Corporate Plans in 2017 and have updated them each year. Ferguslie Park Housing Association's vision is 'serving the community, valued by the community' and its key strategic objectives are to:

- provide excellent homes, services and a local environment to be proud of;
- support and enable local people to realise their full potential in a vibrant community;
- inspire confidence and trust from our tenants, staff and partners;
- develop a strong team of talented and committed people;*and*
- safeguard our assets, strong financial position and long-term affordability and sustainability.

The strategy and objectives took account of our tenants' priorities, the Council's plans for regeneration in the area, the factors leading to Ferguslie Park containing several areas of multiple deprivation - including the "most deprived" data zone in Scotland, and of our commitment to be fully compliant with regulatory requirements and best practice. The Corporate Plan resulting from this has been a big step forward in clarifying our purpose, potential, priorities and progress. It has also re-established Board control of the strategic planning process and overall strategic direction of the Association.

### Review of Business and Future Developments

In February 2016, the Scottish Housing Regulator appointed a manager to Ferguslie Park Housing Association Limited under section 58 of the Housing Scotland Act 2010. The purpose of this appointment was to address a number of identified risks in relation to governance and financial management which were highlighted in an independent investigation report. This appointment was also to assist and support the Board of Management in ensuring that the Association's affairs are managed to an appropriate standard.

This Statutory Appointment ended on 30 September 2018 at which time the Scottish Housing Regulator stated in the Association regulation plan that "Ferguslie Park has made good progress in delivering the improvements needed to substantially comply with our Regulatory Standards of Governance and Financial Management. Given this progress, we have decided to end our two remaining appointments". The Association remains in engagement with the Scottish Housing Regulator.

The year to 31 March 2019 has been a period of significant positive development for the Association and its Board of Management. The Association is confident that the Improvement Plan is almost complete and, with the current staff team and renewed focus on operational improvements will further stabilise the position and allow the organisation to move forward with confidence to a 'new' Ferguslie Park Housing Association.

Although the Association initially had two unsuccessful rounds of recruitment to appoint a new permanent Group Chief Executive, the Board was determined to find the right person to complete the rejuvenation of the Association, sustain the improvements achieved and lead the Group to achieve its aims with its customers. A new Chief Executive was appointed in August 2018 and the existing interim management team stayed in place until September 2018 to enable a smooth handover to take place.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

### Review of Business and Future Developments (Continued)

Progress was made in implementing a new staff structure during the year and included the recruitment of a Finance and Corporate Services Manager in November 2018 and Housing Manager in January 2019 on a permanent basis. Three positions of the senior management team were filled on an interim basis which included the Property Asset Manager and Property Services Manager, who were both appointed in July 2018. The position of Head of Operations continued on a temporary basis and, together with the Property Services Manager, this position will be filled on permanent basis at the end of the current contract.

### Financial Review of the Year Ended 31 March 2019

In the year just ended, the Association made a total comprehensive income of £505,724, compared to £1,059,146 in the previous year. These surpluses are necessary to ensure that the Association can deliver its short, medium and long-term plans to maintain its housing stock to the highest possible standards.

The Association spent £1,310,767 in replacing components such as boilers, kitchens and bathrooms, windows and doors within its housing stock, with a large investment of expenditure on windows and doors continuing into 2019/20. This is the continuation of the planned maintenance identified in the review of the condition of the Association's housing stock.

The Association met all of its loan covenants in the year. It repaid £109,530 of its loan debt, leaving a balance outstanding of £2,154,639 at 31 March 2019.

The Association's bank position increased from £2,462,476 at the start of the year to £2,946,039 as at 31 March 2019 and reserves have increased from £11,439,788 to £11,945,512 reflecting the surplus for the year.

### Future Prospects

The Association looks forward with confidence to building on its achievements in 2019/20. It expects to:

- complete the new staff leadership team
- fully complete the Governance Improvement Plan
- continue the training and learning plans for Board and staff
- invest £1.6m in home improvements
- focus on its revised strategic priorities of:
  - affordability to tackle poverty and financial health in the community
  - early action programmes to respond quickly and effectively to situations
  - strategic asset management to ensure it manages, protects, improves and develops its homes
  - procurement and contract management ensuring it purchases quality services and achieves value for money
  - wider role, being much more than just a landlord
  - connectivity, by building strong links within and out with the community
  - governance and business improvement by continuing to strengthen and develop the organisation and its people
- continue with a communications strategy to regain and protect its reputation
- continue to expand its engagement with tenants and their opportunities to scrutinise service quality

Like all social landlords, Ferguslie Park Housing Association faces challenges moving into the current year. However, as a result of the work done to date, it is well placed to meet these challenges which include:

Welfare Reform – The full roll out of Universal Credit in Renfrewshire began in September 2018. The Association is in no doubt that changes such as the payment of benefits in arrears, the 6 week waiting time for Universal Credit to be paid, the frequent withdrawal of benefits when circumstances change and many others will have a seriously detrimental effect on its tenants and are therefore a threat to the Association's rental income. The welfare reform strategy includes the employment of two skilled full-time Welfare Rights staff, and collaboration with the Tannahill Centre, local newspaper and Renfrewshire Council to raise awareness and provide assistance.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

### Future Prospects (Continued)

Affordability – The freezing and capping of welfare benefits but also the prevalence locally of zero hours contracts and low paid employment opportunities bring hardship for many tenants, especially those with dependent children. In the year, the Association held its rent increase to 2.4% based on a compromise of ensuring financial viability whilst at the same time recognising the affordability of rents for its tenants.

Value for Money – The Association has a budget in place to deliver all of the objectives carried out in its strategic review. Actual performance will be monitored by the Board throughout the year to ensure that the plans set out are being delivered. An essential part of this process will be to ensure that the Association is getting the best value it can from the money it receives from tenants.

### Key Performance Indicators

Performance Indicators and Targets were reviewed during the business planning process. These aim to improve the Association's performance in areas such as rent collection and the time taken to let empty houses. They also aim to maintain and further improve performance in low stock turnover, low rent loss from empty homes and good tenant satisfaction.

The Association continued to formally monitor Business Plan targets. An independent Tenants Satisfaction Survey was completed in August 2018 and achieved the ambitious targets previously set not to improve average satisfaction, but to increase the numbers who were "very satisfied" with services.

In the main national indicator, Overall Satisfaction with FPHA as a Landlord, it aimed to improve to 41.3% "very satisfied" in 2017/18 and up to 50% by 2019/20. It has exceeded the target with a result of 51.5%.

Similarly, for Tenants Happy with the Standard of their Home, the Association aimed to increase those that were "very satisfied" from 9.7% to 40% over 3 years and actually achieved a leap to 72.7% in a single year.

Equally important is the progress on the aim to grow the "very satisfied" proportion of satisfaction with overall management of the neighbourhood from 6.1% to 45% over 3 years – this has also been achieved in a single year with a result of 45.5%.

Rent arrears have been very difficult to reduce and the targets were modest; to reduce arrears to 6.5% and then to 5.9% over 3 years. This recognised poor performance in Scottish terms to date and the risk of welfare reform. In one year the Association has achieved 5.97% - i.e. it is moving more quickly than the target. However, this is higher than our peers and the national average and the Association will need to keep a strong focus on arrears in order to support tenants and maintain income as welfare reform continues to bite. On the other hand, assistance to tenants in arrears by the Welfare Rights Team was exceptional with 100% of tenants with arrears attending for drop in visits being seen.

The Association continued to ensure that the Annual Return to the Regulator on the Tenants Charter was accurate and compliant with the guidance.

### Principal Risks and Uncertainties

The Association hopes to emerge from its current status of 'in engagement' with the Scottish Housing Regulator as soon as practicable. The Management Board has welcomed the assistance this brought to recognising the work required and the provision of assistance; and it is confident it will achieve and maintain a 'no engagement' status. The Association has worked with a great deal of effort throughout the year to start building a new reputation as a rejuvenated, caring, valuable, collaborative and high performing local landlord and will continue to do so through 2019/20.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

### Board of Management and Executive Officers

The members of the Board of Management and the Executive Officers are listed on Page 1.

Each member of the Board of Management holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of Directors, they act as Executives within the authority delegated by the Board of Management.

The members of the Board of Management are also Trustees of the Charity. Members of the Board of Management are appointed by the members at the Association's Annual General Meeting.

### Statement of Board of Management's Responsibilities

The Co-operative and Community Benefit Act 2014 requires the Board of Management to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those Financial Statements, the Board of Management is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business; 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 2014 and the Determination of Accounting Requirements 2019. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

The Board of Management must in determining how amounts are presented within items in the income and expenditure account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting practices.

In so far as the Board of Management are aware:

- There is no relevant audit information (information needed by the Housing Association's auditors in connection with preparing their report) of which the Association's auditors are unaware, and
- The Board of Management have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Housing Association's auditors are aware of that information.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2019

### Statement on Internal Financial Control

The Board of Management acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. In the last three years, a Governance Improvement Plan has put new governance and financial controls in place.

These improvements include updated Financial Regulations, Financial Procedures, new short, medium and long-term financial projections, a new costed Planned Maintenance/Investment programme and further physical inspections of housing stock condition, a new Risk Register and Risk Management system and a completely new Corporate Plan. All improvements have been introduced to meet regulatory requirements and best practice.

The Group Audit & Risk Committee agreed the Internal Audit for 2018/19 and during the year seven internal audit reports were completed, obtaining 5 Strong and 2 Substantial grades.

At the date of signing the Financial Statements, the Management Board is satisfied that steps have been taken to ensure there is appropriate planning, monitoring and control of the Association's financial and business affairs and that the financial control system in place is satisfactory and appropriate to the size and complexity of the organisation.

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 financial mis-statement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Board of Management to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Management;
- the Board of Management receive reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken; and
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Board of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2019. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

### Auditors

A resolution to re-appoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.

### By order of the Board of Management

#### **CATRINA MILLER**

Secretary  
28 August 2019



# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## REPORT BY THE AUDITORS TO THE MEMBERS OF FERGUSLIE PARK HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the Financial Statements, we have reviewed your statement on page 6 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

### **Basis of Opinion**

We carried out our review having regard to the requirements relating to corporate governance matters within Bulletin 2006/5 issued by the Auditing Practices Board. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reasons given for non-compliance.

### **Opinion**

In our opinion the Statement on Internal Financial Control on page 6 has provided the disclosures required by the relevant Regulatory Standards with the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through enquiry of certain members of the 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 within the publication 'Regulation of Social Housing in Scotland' and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.

### **ALEXANDER SLOAN**

Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
28 August 2019



**Alexander Sloan**  
Accountants and Business Advisers

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

### Opinion

We have audited the financial statements of Ferguslie Park Housing Association Limited (the 'Association') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2019 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefits Societies Act 2014, the Housing (Scotland) Act 2014 and the Determination of Accounting Requirements 2019.

In our opinion the exemption granted by the Financial Conduct Authority from the requirement to prepare Group Accounts is applicable as the amounts involved are not material.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

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

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

We have nothing to report in this regard.

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

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

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

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

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FERGUSLIE PARK HOUSING ASSOCIATION LIMITED (Continued)

### Responsibilities of the Board of Management

As explained more fully in the Statement of Board of Management's Responsibilities as set out on Page 5, the Board of Management are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' responsibilities for the audit of the financial statements

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

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

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

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

### ALEXANDER SLOAN

Accountants and Business Advisers  
Statutory Auditors  
GLASGOW  
28 August 2019



# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
<b>REVENUE</b>	2	4,292,903	4,215,406
Operating Costs	2	(3,177,379)	(3,073,514)
<b>OPERATING SURPLUS</b>		1,115,524	1,141,892
Loss On Sale Of Housing Stock	7	-	(5,406)
Interest Receivable and Other Income		9,012	6,929
Interest Payable and Similar Charges	8	(83,812)	(82,414)
Other Finance Income / (Charges)	11	(25,000)	(1,855)
		(99,800)	(82,746)
<b>SURPLUS FOR THE YEAR</b>	9	<b>1,015,724</b>	<b>1,059,146</b>
<b>Other comprehensive income</b>			
Adjustment relating to Opening Pension Liability	27	(405,000)	-
Actuarial Gains/ (Losses) on defined benefit Pension Plan	27	(105,000)	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>505,724</b>	<b>1,059,146</b>

The notes on pages 14 to 32 form part of these financial statements.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
<b>NON-CURRENT ASSETS</b>					
Housing Properties - Depreciated Cost	12 (a)		28,308,098		28,044,372
Other Non-current Assets	12 (b)		9,608		229
			<u>28,317,706</u>		<u>28,044,601</u>
<b>INVESTMENTS</b>					
Investment in subsidiaries	26	100		100	
			100		100
<b>CURRENT ASSETS</b>					
Receivables	15	160,369		178,340	
Investments	26	251,229		1,250,000	
Cash at bank and in hand		2,694,810		1,212,476	
		<u>3,106,408</u>		<u>2,640,816</u>	
<b>CREDITORS: Amounts falling due within one year</b>					
	16	<u>(1,343,238)</u>		<u>(805,607)</u>	
<b>NET CURRENT ASSETS</b>					
			<u>1,763,170</u>		<u>1,835,209</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			30,080,976		29,879,910
<b>CREDITORS: Amounts falling due after more than one year</b>					
	17		<u>(2,090,659)</u>		<u>(2,693,862)</u>
<b>PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Scottish Housing Association Pension Scheme	27	<u>(1,016,000)</u>		-	
			<u>(1,016,000)</u>		-
<b>DEFERRED INCOME</b>					
Social Housing Grants	19	<u>(15,028,722)</u>		<u>(15,746,180)</u>	
Other Grants	19	-		-	
			<u>(15,028,722)</u>		<u>(15,746,180)</u>
<b>NET ASSETS</b>					
			<u><u>11,945,595</u></u>		<u><u>11,439,868</u></u>
<b>EQUITY</b>					
Share Capital	20		83		80
Revenue Reserves			12,961,512		11,439,788
Pension Reserves			<u>(1,016,000)</u>		-
			<u><u>11,945,595</u></u>		<u><u>11,439,868</u></u>

The Financial Statements were approved by the Board of Management and authorised for issue and signed on their behalf on 28 August 2019.

Board member

Ian Williams  
Vice Chairperson

Catrina Miller  
Secretary

The notes on pages 14 to 32 form part of these financial statements.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019	2018
		£	£
<b>Net cash inflow from operating activities</b>	18	1,992,817	1,578,089
<b>Investing Activities</b>			
Acquisition and Construction of Properties	(1,310,767)	(548,290)	
Purchase of Other Fixed Assets	(14,158)	-	
Social Housing Grant Received	-	(35,940)	
Changes on short term deposits with banks	998,771	(1,250,000)	
Proceeds on Disposal of Properties	-	29,525	
<b>Net cash outflow from investing activities</b>		(326,154)	(1,804,705)
<b>Financing Activities</b>			
Interest Received on Cash and Cash Equivalents	9,012	6,929	
Interest Paid on Loans	(83,814)	(82,414)	
Loan Principal Repayments	(109,530)	(131,832)	
Share Capital Issued	3	16	
<b>Net cash outflow from financing activities</b>		(184,329)	(207,301)
<b>Increase / (decrease) in cash</b>		1,482,334	(433,917)
<b>Opening Cash &amp; Cash Equivalents</b>		1,212,476	1,646,393
<b>Closing Cash &amp; Cash Equivalents</b>		<b>2,694,810</b>	<b>1,212,476</b>
<b>Cash and Cash equivalents as at 31 March</b>			
Cash		2,694,810	1,212,476
		<b>2,694,810</b>	<b>1,212,476</b>

The notes on pages 14 to 32 form part of these financial statements.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2019

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
<b>Balance as at 31 March 2017</b>	69	-	10,380,642	10,380,711
Issue of Shares	16	-	-	16
Cancellation of Shares	(5)	-	-	(5)
Surplus for the year	-	-	1,059,146	1,059,146
<b>Balance as at 31 March 2018</b>	<b>80</b>	<b>-</b>	<b>11,439,788</b>	<b>11,439,868</b>
<b>Balance as at 1 April 2018</b>	80	-	11,439,788	11,439,868
Issue of Shares	3	-	-	3
Other comprehensive income	-	(510,000)	-	(510,000)
Other movement	-	(506,000)	506,000	-
Surplus for the year	-	-	1,015,724	1,015,724
<b>Balance as at 31 March 2019</b>	<b>83</b>	<b>(1,016,000)</b>	<b>12,961,512</b>	<b>11,945,595</b>

The notes on pages 14 to 32 form part of these financial statements.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Statement of Compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice for social housing providers 2014. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods on or after 1 January 2015.

#### Basis of Accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards, the Statement of Recommended Practice - Accounting by Registered Social Landlords 2014, and on the historical cost basis. They also comply with the Determination of Accounting Requirements 2019. A summary of the more important accounting policies is set out below.

#### Basis of Consolidation

The Association has obtained exemption from the Financial Conduct Authority from producing Consolidated Financial Statements as provided by Section 14(2A) of the Friendly and Industrial and Provident Societies Act 1968. The financial statements for Ferguslie Park Housing Association Limited present information about it as an individual undertaking and not about the group.

#### Revenue

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

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

#### Retirement Benefits

The Association participates in the Scottish Housing Associations Defined Benefit Pension Scheme where retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with 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.

The Association closed membership of the Defined Benefit Scheme to all staff members on 31 March 2015 and since 1 April 2015 have operated the Defined Contribution scheme whereby fixed contributions are paid in to the fund. These contributions are recognised when they are due.

#### Valuation Of Housing Properties

Housing Properties are stated at cost less accumulated depreciation. Housing under construction and Land are not depreciated. The Association depreciates housing properties by major component on a straight line basis over the estimated useful economic lives of each identified component. All components are categorised as Housing Properties within note 12. Impairment reviews are carried out if events or circumstances indicate that the carrying value of the components listed below is higher than the recoverable amount.

Component	Useful Economic Life
Land	Not applicable
Structure	50 Years
Roofs	30 Years
Windows and Doors	25 Years
Kitchens	15 Years
Bathrooms	25 Years
Boilers	15 Years
Central Heating	30 Years



# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Depreciation and Impairment of Other Non-Current Assets

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

Asset Category	Depreciation Rate
Office Premises	amortised over expected occupancy period
Furniture and Fittings	20% reducing balance
Office Equipment	33% straight line

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

#### Social Housing Grant and Other Grants in Advance/Arrears

Social Housing Grants and Other Capital Grants are accounted for using the 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 when these components are replaced.

Social Housing Grant received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

Although Social Housing Grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

#### Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

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

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

#### Leases/Leased Assets

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES

#### **Works to Existing Properties**

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

#### **Capitalisation Of Development Overheads**

Directly attributable development administration costs relating to development activities are capitalised in accordance with the Statement of Recommended Practice.

#### **Development Interest**

Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme.

#### **Property Development Cost**

The proportion of the development cost of shared ownership properties expected to be disposed of as a first tranche sale is held in current assets until it is disposed of. The remaining part of the development cost is treated as a fixed asset. Surpluses made on the disposal of first tranche sales are taken to the Statement of Comprehensive Income in accordance with the Statement of Recommended Practice.

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

#### **Key Judgements made in the application of Accounting Policies**

##### ***a) The Categorisation of Housing Properties***

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

##### ***b) Identification of cash generating units***

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

##### ***c) Financial instrument break clauses***

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

##### ***d) Pension Liability***

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. This year the Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

#### **Financial Instruments - Basic**

The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

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

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 1. PRINCIPAL ACCOUNTING POLICIES

#### **Estimation Uncertainty**

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

#### **a) Rent Arrears - Bad Debt Provision**

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

#### **b) Life Cycle of Components**

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

#### **c) Useful life of properties, plant and equipment**

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

#### **d) Costs of shared ownership**

The Association allocates costs to shared ownership properties on a percentage basis split across the number of properties the Association owns.

#### **e) Defined pension liability**

Determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

#### **f) Allocation of share of assets and liabilities for multi employer schemes**

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi employer pension schemes and estimations performed by the Pensions Trust.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

		2019			2018		
	Notes	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £	Turnover £	Operating Costs £	Operating Surplus / (Deficit) £
Affordable letting activities	3	4,263,903	3,148,379	1,115,524	4,193,500	3,051,608	1,141,892
Other Activities	4	29,000	29,000	-	21,906	21,906	-
<b>Total</b>		<b>4,292,903</b>	<b>3,177,379</b>	<b>1,115,524</b>	<b>4,215,406</b>	<b>3,073,514</b>	<b>1,141,892</b>

## 3. PARTICULARS OF INCOME & EXPENDITURE FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Shared Ownership £	2019 Total £	2018 Total £
<b>Revenue from Lettings</b>				
Rent receivable net of service charges	3,482,271	17,266	3,499,537	3,420,601
Service charges receivable	23,496	-	23,496	21,866
<b>Gross income from rent and service charges</b>	<b>3,505,767</b>	<b>17,266</b>	<b>3,523,033</b>	<b>3,442,467</b>
Less: Rent losses from voids	9,915	-	9,915	6,176
<b>Net Rents Receivable</b>	<b>3,495,852</b>	<b>17,266</b>	<b>3,513,118</b>	<b>3,436,291</b>
Grants released from deferred income	696,373	4,412	700,785	718,887
<b>Total turnover from affordable letting activities</b>	<b>4,242,225</b>	<b>21,678</b>	<b>4,263,903</b>	<b>4,193,500</b>
<b>Expenditure on affordable letting activities</b>				
Management and maintenance administration costs	1,302,290	9,943	1,312,233	1,368,118
Planned and cyclical maintenance, including major repairs	265,831	-	265,831	154,386
Reactive maintenance costs	527,832	-	527,832	517,767
Bad Debts - rents and service charges	12,117	-	12,117	9,429
Depreciation of affordable let properties	1,023,352	7,014	1,030,366	1,001,908
<b>Operating costs of affordable letting activities</b>	<b>3,131,422</b>	<b>16,957</b>	<b>3,148,379</b>	<b>3,051,608</b>
<b>Operating surplus on affordable letting activities</b>	<b>1,110,803</b>	<b>4,721</b>	<b>1,115,524</b>	<b>1,141,892</b>
<b>2018</b>	<b>1,134,928</b>	<b>6,964</b>		

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM O

	Other Income	Total Turnover	Operating Costs Other	Operating Surplus / (Deficit) 2019	Operating Surplus / (Deficit) 2018
	£	£	£	£	£
Management charge to subsidiary	29,000	29,000	29,000	-	-
<b>Total From Other Activities</b>	<b>29,000</b>	<b>29,000</b>	<b>29,000</b>	<b>-</b>	<b>-</b>
<b>2018</b>	<b>21,906</b>	<b>21,906</b>	<b>21,906</b>	<b>-</b>	

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 5. OFFICERS' EMOLUMENTS

The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Board of Management, managers and employees of the Association.

Emoluments payable to Chief Executive (excluding pension contributions)

Total Emoluments paid to key management personnel

Consideration paid for services of key management personnel paid to third parties

The number of Officers, including the highest paid Officer, who received emoluments over £60,000 was in the following ranges:-

	Number	Number
£100,000 to £110,000	-	1

### 6. EMPLOYEE INFORMATION

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

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

Staff Costs were:

Wages and Salaries

Social Security Costs

Other Pension Costs

Temporary, Agency and Seconded Staff

2019	2018
£	£
46,346	-
291,868	160,841
41,580	160,841

2019	2018
No.	No.
18	16
18	16
£	£
670,486	526,106
68,144	55,488
49,231	36,737
14,888	10,600
802,749	628,931

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7. LOSS ON SALE OF HOUSING STOCK

	2019	2018
	£	£
Sales Proceeds	-	29,525
Cost of Sales	-	34,931
Loss On Sale Of Housing Stock	-	(5,406)

### 8. INTEREST PAYABLE & SIMILAR CHARGES

	2019	2018
	£	£
On Bank Loans & Overdrafts	83,812	82,414

### 9. SURPLUS FOR THE YEAR

	2019	2018
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - Tangible Owned Fixed Assets	1,035,334	1,012,758
Auditors' Remuneration - Audit Services	9,000	9,000
Operating Lease Rentals - Land & Buildings	30,000	50,000
Operating Lease Rentals - Other	1,619	3,644
(Loss) on sale of fixed assets	-	5,406

### 10. TAX ON SURPLUS ON ORDINARY ACTIVITIES

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

### 11. OTHER FINANCE INCOME / CHARGES

	2019	2018
	£	£
Unwinding of Discounted Pension Liabilities	-	1,855
Net interest on pension obligations	25,000	-

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Shared Ownership Completed £	Total £
<b>COST</b>			
As at 1 April 2018	47,733,688	452,920	48,186,608
Additions	1,310,767	-	1,310,767
Disposals	(635,045)	-	(635,045)
As at 31 March 2019	<u>48,409,410</u>	<u>452,920</u>	<u>48,862,330</u>
<b>DEPRECIATION</b>			
As at 1 April 2018	19,930,364	211,872	20,142,236
Charge for Year	1,023,541	7,014	1,030,555
Disposals	(618,559)	-	(618,559)
As at 31 March 2019	<u>20,335,346</u>	<u>218,886</u>	<u>20,554,232</u>
<b>NET BOOK VALUE</b>			
As at 31 March 2019	<u>28,074,064</u>	<u>234,034</u>	<u>28,308,098</u>
As at 31 March 2018	<u>27,803,324</u>	<u>241,048</u>	<u>28,044,372</u>

Additions to housing properties include capitalised development administration costs of £51,576 (2018 - £Nil) and capitalised major repair costs to existing properties of £1,259,191 (2018 - £548,290).

All land and housing properties are heritable.

Total expenditure on existing properties in the year amounted to £2,104,430 (2018 - £1,220,443). The amount capitalised is £1,310,767 (2018 - £548,290) with the balance charged to the statement of comprehensive income. The amounts capitalised comprise component replacement of £1,310,767 (2018 - £368,154).

The Association's Lenders have standard securities over Housing Property with a carrying value of £7,197,151 (2018 - £7,236,605).



# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 12. NON CURRENT ASSETS (Continued)

(b) Other Tangible Assets	Office Premises £	Furniture & Equipment £	Total £
<b>COST</b>			
As at 1 April 2018	244,488	238,981	483,469
Additions	-	14,158	14,158
As at 31 March 2019	<u>244,488</u>	<u>253,139</u>	<u>497,627</u>
<b>AGGREGATE DEPRECIATION</b>			
As at 1 April 2018	244,488	238,752	483,240
Charge for year	-	4,779	4,779
As at 31 March 2019	<u>244,488</u>	<u>243,531</u>	<u>488,019</u>
<b>NET BOOK VALUE</b>			
As at 31 March 2019	<u>-</u>	<u>9,608</u>	<u>9,608</u>
As at 31 March 2018	<u>-</u>	<u>229</u>	<u>229</u>

## 13. CAPITAL COMMITMENTS

	2019 £	2018 £
Capital Expenditure that has been contracted for but has not been provided for in the Financial Statements	800,000	Nil

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

## 14. COMMITMENTS UNDER OPERATING LEASES

	2019 £	2018 £
At the year end, the total future minimum lease payments under non-cancellable operating leases were as follows:-		
<b>Other</b>		
Not later than one year	1,619	1,619
Later than one year and not later than five years	405	2,025

## 15. RECEIVABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Arrears of Rent & Service Charges	217,551	240,840
<b>Less:</b> Provision for Doubtful Debts	(110,000)	(120,000)
	<u>107,551</u>	<u>120,840</u>
Social Housing Grant Receivable	12,982	22,501
Other Receivables	39,836	34,999
	<u>160,369</u>	<u>178,340</u>

## 16. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Housing Loans	63,980	50,307
Trade Payables	611,439	258,038
Rent Received in Advance	107,921	95,680
Other Taxation and Social Security	18,663	14,359
Liability for Past Service Contributions	-	162,000
Accruals and Deferred Income	541,235	225,223
	<u>1,343,238</u>	<u>805,607</u>

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	2019 £	2018 £
Liability for Past Service Contributions	-	480,000
Housing Loans	2,090,659	2,213,862
	<u>2,090,659</u>	<u>2,693,862</u>
<b>Housing Loans</b>		
Amounts due within one year	63,980	50,307
Amounts due in one year or more but less than two years	65,705	48,392
Amounts due in two years or more but less than five years	206,818	137,296
Amounts due in more than five years	1,818,136	2,028,174
	<u>2,154,639</u>	<u>2,264,169</u>
Less: Amount shown in Current Liabilities	63,980	50,307
	<u>2,090,659</u>	<u>2,213,862</u>
Amounts due within one year	-	162,000
Amounts due in one year or more but less than two years	-	166,000
Amounts due in two years or more but less than five years	-	314,000
	<u>-</u>	<u>642,000</u>
Less: Amount shown in Current Liabilities	-	162,000
	<u>-</u>	<u>480,000</u>

The Association has a number of long-term housing loans the terms and conditions of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity (Year)	Variable / Fixed
Royal Bank of Scotland	Standard security over 270 properties	2.5%	2036	Variable
Royal Bank of Scotland	Standard security over 270 properties	6.9%	2036	Fixed
Royal Bank of Scotland	Standard security over 270 properties	3.0%	2036	Fixed

All of the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

In the prior periods, the liability for the past service contributions was accounted for in accordance with FRS 102 para 28.13A and represents the present value of the contributions payable. The cash out flows in the prior period were discounted at a rate of 1.51%.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMIT

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 18. STATEMENT OF CASH FLOWS

### Reconciliation of surplus for the year to net cash inflow from operating activities

	2019 £	2018 £
Surplus for the year	1,015,724	1,059,146
Depreciation	1,035,145	1,012,753
Gain on disposal	-	5,406
Amortisation of Capital Grants	(700,785)	(718,886)
Change in debtors	17,971	(28,015)
Change in creditors	685,960	327,205
Unwinding of Discount on Pension Liability	(136,000)	(1,855)
Transfer of interest to financial activities	74,802	77,340
Share Capital Written Off	-	(5)
Defined Benefit pension scheme - after finance loss	-	(155,000)
Net cash inflow from operating activities	<u>1,992,817</u>	<u>1,578,089</u>

### Reconciliation of net cash flow to movement in net debt

	£	2019 £	£	2018 £
Increase / (decrease) in cash	1,482,334		(433,917)	
Cashflow from change in net debt	(889,241)		1,116,086	
Movement in net debt during the year		593,093		682,169
Net debt at 1st April 2018		198,307		(2,213,862)
Net debt at 31 March 2019		<u>791,400</u>		<u>198,307</u>

### Analysis of changes in net debt

	At 1 April 2018	Cashflows	Other Changes	At 31 March 2019
Cash at bank and in hand	1,212,476	1,482,334		2,694,810
Liquid resources	1,250,000	(998,771)	-	251,229
Debt: Due within one year	(50,307)	109,530	(123,203)	(63,980)
Due after more than one year	(2,213,862)	-	123,203	(2,090,659)
Net Debt	<u>198,307</u>	<u>593,093</u>	<u>-</u>	<u>791,400</u>

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 19. DEFERRED INCOME

	Housing Properties Held for Letting £	Shared Ownership Completed £	Total £
<b>Social Housing Grants</b>			
As at 1 April 2018	33,504,225	242,177	33,746,402
Eliminated on disposal of components and property	(591,329)	-	(591,329)
As at 31 March 2019	<u>32,216,525</u>	<u>242,177</u>	<u>32,458,702</u>
<b>Amortisation</b>			
As at 1 April 2018	17,866,943	133,279	18,000,222
Eliminated on disposal	(574,654)	-	(574,654)
Amortisation in year	696,371	4,412	700,783
As at 31 March 2019	<u>17,988,660</u>	<u>137,691</u>	<u>18,126,351</u>
<b>Net book value</b>			
As at 31 March 2019	<u>14,924,236</u>	<u>104,486</u>	<u>15,028,722</u>
As at 31 March 2018	<u>15,637,282</u>	<u>108,898</u>	<u>15,746,180</u>

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

	2019 £	2018 £
Amounts due within one year	700,783	718,886
Amounts due in one year or more	14,327,939	15,027,294
	<u>15,028,722</u>	<u>15,746,180</u>

## 20. SHARE CAPITAL

	2019 £	2018 £
<b>Shares of £1 each Issued and Fully Paid</b>		
As at 1 April 2018	80	69
Issued in year	3	16
Cancelled in year	-	(5)
As at 31 March 2019	<u>83</u>	<u>80</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.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 21. HOUSING STOCK

The number of units of accommodation in management at the year end was:-

	2019 No.	2018 No.
General Needs - Built by Association	735	734
General Needs - Rehabilitation	68	68
Shared Ownership	6	7
	<u>809</u>	<u>809</u>

### 22. RELATED PARTY TRANSACTIONS

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

Any transactions between the Association and any entity with which a Board of Management member has a connection with is made at arm's length and is under normal commercial terms.

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

	2019 £	2018 £
Rent received from tenants on the Board of Management and their close family members	<u>22,725</u>	<u>22,776</u>

At the year end total rent arrears owed by the tenant members on the Board of Management (and their close family) were £1,300 (2018 - £1,751).

Members of the Board of Management who are tenants	5	3
Members of the Board of Management who are local authority employees	1	1

### 24. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is The Tannahill Centre , 76 Blackstoun Road, Ferguslie Park, Paisley.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Paisley.

### 25. BOARD OF MANAGEMENT MEMBER EMOLUMENTS

Board of Management members received £745 (2018 - £1,356) in the year by way of reimbursement of expenses. No remuneration is paid to Board of Management members in respect of their duties to the Association.

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 26. INVESTMENTS

### Short term deposits

	2019 £	2018 £
Short term deposits	251,229	1,250,000

### Investments in Subsidiaries

	2019 £	2018 £
<b>Cost</b>		
As at 1 April 2018 and 31 March 2019	100	100

In the opinion of the Board of Management the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's balance sheet.

The Association has a 100% owned subsidiary named The New Tannahill Centre. The relationship between the Association and its subsidiary is set out in an independence agreement between both parties.

The New Tannahill Centre is a 100% owned subsidiary of Ferguslie Park Housing Association Limited. The Association is a tenant of The New Tannahill Centre and during the year the charity charged the Association £65,188 (2018 - £50,000) in rent and service charges and £10,402 (2018 - £10,842) for cost of facilities and security. The Association charged the charity £29,000 for Board and finance support (2018 - £22,869). At the year end the Association owed the charity £220 (2018 - £31,597).

The aggregate amount of capital and reserves and the results of The New Tannahill Centre for the year ended 31 March 2019 were as follows:

	2019 £	2018 £
Capital & Reserves	354,939	300,556
Surplus for the year	54,383	72,580

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 27. RETIREMENT BENEFIT OBLIGATIONS

#### Scottish Housing Association Pension Scheme

Ferguslie Park Housing Association Limited participated in the Scottish Housing Association Pension Scheme (the scheme).

The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme. The Association is an admitted body under The Scottish Association Pension Fund, the assets of which are held in a separate Trustee administered by Fund.

The last valuation of the Scheme was performed as at 30th September 2015 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £612m. The valuation revealed a shortfall of assets compared with the value of liabilities of £198m (equivalent to a past service funding level of 76%).

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is re-apportioned amongst the remaining employer. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

The administering authority has responsibility for the management of the Fund. As most of the Fund's investments are equity based, there is an inherent risk of volatility in the investment market having a significant effect on the value of the fund's assets. In order to mitigate this risk, the Fund holds a diverse investment portfolio with a range of investment managers.

At the balance sheet date, there were 4 active member of the scheme employed by the Association. Total pension contributions made by the Association for the year were £166,168. Gross pensionable salaries for the year were £134,000.

#### Change in Accounting Estimate

The pension fund is administered by TPT Retirement Solutions. Previously only the past service deficit was included as a liability in the financial statements as the Association's share of the pension assets and liabilities could not be determined. This year TPT Retirement Solutions have developed a method of calculating each member's share of the assets and liabilities of the scheme. The figures are available at 1 April 2018 and 31 March 2019. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

In January 2019, the FRS issued FRED 71 (Draft amendments to FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland, Multiemployer defined benefit plans) which provides proposed changes to FRS 102 on how to treat the transition from defined contribution to defined benefit accounting. This method has been adopted by the Housing Association as the most appropriate treatment. As a result the change has been accounted for as change in accounting estimate.

Due to the change in accounting estimate the past service deficit liability has been removed as the liability is included in the pension liability now calculated by the actuary and shown under Pension and Other Provisions for Liabilities and Charges in the Balance Sheet. The change has been reflected in Other Comprehensive Income as follows:

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 27. RETIREMENT BENEFIT OBLIGATIONS

	£
Opening defined benefit obligation as at 1 April 2018 (per actuary)	1,047,000
Opening past service deficit liability under previous recognition basis	(642,000)
Movement to other comprehensive income	<u>405,000</u>

As a result the unwinding of the past service deficit is no longer shown within finance charges. Instead the expenses, interest and other comprehensive income as detailed within this note are incorporated within the financial statements.

The following figures are prepared by the Actuaries in accordance with their understanding of FRS 102 and Guidance Note 36: Accounting for Retirement Benefits under FRS 102 issued by the Institute and Faculty of Actuaries.

#### Principal Actuarial Assumptions

Assumptions as at	2019 %p.a.	2018 %p.a.
Salary increases	3.3%	3.2%
Inflation (RPI)	3.3%	3.2%
Inflation (CPI)	3.3%	3.2%
Discount rate	2.3%	2.6%

Allowance for commutation of pension for cash at retirement is 75% of maximum allowance for both years

The defined benefit obligation is estimated to comprise of the following:

	2019 Number
Employee members	4
Deferred pensioners	17
Pensioners	11
	<u>32</u>

#### Mortality Rates

Life expectancy is based on the PFA92 and PMA92 tables, with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males (Years)	Females (Years)
Current Pensioners	21.7	23.4
Future Pensioners	23.1	24.7



# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 27. RETIREMENT BENEFIT OBLIGATIONS

### Fair value of scheme assets by category

	2019 £000	2018 £000
Growth Assets	1,874	1,823
Matching Plus	2,466	2,328
Liability Driven Investment	347	254
Net Current Assets	5	8
	<u>4,692</u>	<u>4,413</u>

None of the above assets include any direct involvement in the Association's assets.

### Net Pension Liability

	2019 £000
Fair value of employer's assets	4,692
Present value of scheme liabilities	(5,708)
	<u>(1,016)</u>

### Reconciliation of fair value of employer assets

	2019 £000
Opening fair value of employer assets	4,413
Expected Return on Assets	114
Contributions by Members	-
Contributions by the Employer	166
Actuarial Gains / (Losses)	207
Estimated Benefits Paid	(208)
<b>Closing fair value</b>	<u>4,692</u>

Return on plan assets over the year ended 31 March 2019 was £240,000.

### Reconciliation of defined benefit obligations

	2019 £000
Opening defined benefit obligation	5,460
Current Service Cost	5
Interest Cost	139
Contributions by members	-
Actuarial Gains	312
Estimated Benefits Paid	(208)
<b>Closing defined benefit obligation</b>	<u>5,708</u>

# FERGUSLIE PARK HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019  
NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 27. RETIREMENT BENEFIT OBLIGATIONS

### Analysis of amount charged to the Income and Expenditure Account

	<b>2019</b> <b>£000</b>
Charged to operating costs:	
Service cost	(5)
Charged to Other Finance Costs / (Income)	
Expected Return on employer assets	114
Interest on pension scheme liabilities	(139)
<b>Net interest on pension obligations</b>	<b>(25)</b>
<b>Net Charge to the Income and Expenditure Account</b>	<b>(30)</b>

### Actuarial Gain / (Loss) recognised in the Statement of Recognised Gains and Losses

	<b>2019</b> <b>£000</b>
Experience on plan assets	207
Experience gains and losses arising on the plan liabilities - gain (loss)	105
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(15)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(402)
Total actuarial gains and losses recognised in Other Comprehensive Income	(105)